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DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS FOR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

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PART 8

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
30-601 O WASHINGTON : 1990

For sale by the Superintendent of Documents, Congressional Sales Office
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DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS FOR 1991

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

TUESDAY, MAY 1, 1990.

SELECTIVE SERVICE SYSTEM

WITNESS

HON. PETER A. DeFAZIO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. STOKES [Acting Chairman]. The committee will come to order.

Our first witness this morning is Congressman Peter DeFazio.

Mr. DeFazio, we are delighted to have you present here this morning, and you may proceed.

Mr. DEFAZIO. Thank you, Mr. Chairman.

I will be fairly brief. I would like to make a full copy of my remarks available for the record.

Mr. STOKES. Without objection, they will be received into the record.

Mr. DEFAZIO. Thank you, Mr. Chairman.

I would just like to bring to the committee's attention the issue of funding for Selective Service System, and their draft registration program.

As the Chairman knows, in 1978, President Carter recommended, and Congress acceeded, to renovating a symbol of America's resolve, registration for the draft, to send a message to the Soviets regarding the invasion of Afghanistan.

At the time there was considerable debate over the efficiency of registration, whether or not it really provided for any enhanced military readiness. But I think the overall concensus in Congress was that we should send a message, and we did.

It's 1990, and I don't think that the symbol of the 1980s and the conformation between the Soviet Union and the United States is appropriate for the 1990s and would look at the Selective Service Registration System as a place where we could appropriately save funds.

I would ask that the committee look at a reduction of at least $10 million in the funding, putting the system into a deep standby. The system in its current form may provide an additional four or five days lead time in terms of getting people delivered to the actual training sites.

With all the other cuts that are going on in the military and the changes in the active force structure, it certainly would appear that there is not a great need, nor a lot of utility, for such a system at this time.

So I would ask that the committee consider this as an appropriate place where we could save some money, and also recognize the changes in the world and the changes which our military is going through to accommodate the new world order.

That is the extent of my remarks; there is a little more detail in the prepared statement.

Mr. STOKES. I note in your prepared statement that you are indicating you are looking for cosponsors of the bill you intend to introduce this week, with a sunset date on it, the President's authorization for registration and operation of the system.

Mr. DEFAZIO. It's one of the few permanent authorizations that I am aware of, and it would seem that it would be appropriate for Congress to review from time to time the necessity for this sort of a system.

Mr. STOKES. Sure. Well, on behalf of the subcommittee, let me thank you for appearing and for your testimony this morning. You have been very helpful by providing this testimony for us.

Mr. DEFAZIO. I hope I made your job a little easier. You are under constraints here, and for once I am not coming to ask for more. Most of the other Members will be in to ask for more. I ask for less.

Mr. STOKES. Thank you very much.

[The statement of Congressman DeFazio and additional written testimony on the Selective Service System follows:]

TESTIMONY OF THE
HONORABLE PETER A. DeFAZIO
SUBMITTED TO THE SUBCOMMITTEE ON VA - HUD - INDEPENDENT AGENCIES OF THE COMMITTEE ON APPROPRIATIONS

May 1, 1990

Mr. Chairman and members of the subcommittee, I thank you for the opportunity to appear before you to urge a significant reduction in the budget for the Selective Service System's draft registration program.

Last year, I told this subcommittee that dramatic changes in the world had eliminated any conceivable rationale for the registration of this country's eighteen year-olds for military conscription. Little did I imagine that the coming year would see the disintegration of the Warsaw Pact and the establishment of fledgling democracies throughout Eastern Europe, or on-camera dismantling of the Berlin wall and the headlong movement to German re-unification. Since I last came before this subcommittee, we've seen a dramatic thaw in the Cold War. The Soviet Union has held multi-candidate elections and debate in the Pentagon has shifted from whether or not to reduce U.S. force levels in Europe to how far and how fast those levels should be cut. And yet, the Selective Service System continues as if nothing had happened.

Director Lessey has testified that draft registration is more important than ever in an era when we are considering major cuts in active duty force. In reality, the sweep of events has shown just how little connection draft registration actually has with military readiness.

Many subcommittee members are familiar with the debate on the differences between registration before and registration following a mobilization order. Nonetheless, I think it's important to highlight a number of points. In 1980, in a report suppressed for political reasons, Selective Service estimated that registration would make only a four day difference in the system's ability to deliver the first inductees to the armed forces. Remember, this is a four day difference for draftees who are months of classification, assignment, training and transport away from combat readiness. Conscripts will play no role whatsoever in an immediate response to a military emergency.

The connection between draft registration and military preparedness becomes even more dubious if you realize that the mobilization targets that Selective Service says it can meet are based upon planned increases in training facilities that never happened. With reductions in troop levels and closing of bases, this training capacity will decrease even further. This training base capacity, not registration or conscription, will be the major choke point of any mobilization plan. If Selective Service were able to meet the ambitious mobilization targets it claims, all it would accomplish would be to line men up at the doors of crowded training facilities. Not one single soldier would be placed in a combat or support position a single day earlier due to peacetime registration.

Moreover, there is considerable evidence that peacetime registration would actually interfere with a general mobilization, rather than expedite it. In the early 1980s, the GAO reported that Selective Service lists were decaying at the rate of more than 30 percent every two years. This means that less than 70 percent of registrants could be reached when they are 20 years old, the prime year of eligibility. While Selective Service instituted follow-up letters to slow this decay, they are still attempting to track addresses for millions of the most mobile persons in our society, namely 18-24 year-olds. Any significant percentage of error in these lists threatens to paralyze the system if it is ever used, as "order of call" litigation brings the induction process to a grinding halt. It is entirely possible that, in the event of general mobilization, the fastest way to activate the Selective Service system will be to scrap the current lists, purge the computer memory, and start all over again.

Simply put, peacetime draft registration is a symbol that has long since outlived its usefulness. Both President Carter and President Reagan knew of the shortcomings of a peacetime registration system. Both clearly stated that registration was to express our displeasure at the Soviet invasion of Afghanistan and the crackdown on Poland's Solidarity. Both of these examples of Soviet aggression have been reversed, in spectacular fashion. It's time for a new symbolic gesture, one which shows this country understands that the world is a different place than 1980. It's time to end peacetime draft registration.

I would urge this committee to cut at least $10 million from the President's request for this agency, which would leave a more than adequate amount for a robust system of post-mobilization registration.[1] If the subcommittee should choose to move Selective Service to "deep-standby" status, much deeper cuts in the President's request would be possible.

Furthermore, I would urge the members of this subcommittee to co-sponsor a bill I intend to introduce this week to place a sunset date on the President's authorization for draft regstration and operation of the board system. Until 1971, in war or peace, Selective Service enjoyed a two-year authorization. Selective Service, like almost all other agencies or departments, should have to justify its programs and performance regularly. In a year marked by peace dividends and budget shortfalls, I simply don't think they could do it.

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[1] In Selective Service's January 1980 draft report, it estimated that a post-mobilization system of registration would cost $9.7 million.

101 Quaker Hill Drive, Richmond, IN 47374-1980
Telephone (317) 962-7573
Cable address: Fremi
Friends United Meeting

TESTIMONY OF

STEPHEN MAIN

GENERAL SECRETARY

FRIENDS UNITED MEETING

SUBMITTED TO

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

April 25, 1990

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"I have called you friends." John 15:15

Friends United Meeting is an organization comprised of eighteen Yearly Meetings of Friends (Quakers), working in North America, the Caribbean, the Middle East and Africa. It is governed by representatives of each of its member Yearly Meetings, representing approximately 55,000 Friends in the United States.

As Friends, we have long taught that, "all war is utterly incompatible with the plain precepts of our divine Lord... and...no plea of necessity or policy, however urgent or peculiar, can avail to release either individuals or nations from the paramount allegiance which they owe to Him who hath said, 'Love your enemies'" (Richmond Declaration of Faith of 1887).

Standing in the best tradition of our faith, some members of the Yearly Meetings we serve have refused to register for the draft and have suffered prosecution or denial of student loans. Others have registered as the law required, but with a sense of spiritual discomfort in participating in a program of military preparedness. We have felt keenly the lack of provision for registration as conscientious objectors. Registration was activated in 1980 as a signal of the military resolve of the United States in the face of the Soviet Union's aggression against Afghanistan. But to a significant degree it was conscientious objectors who have paid the price for our government's military posturing.

We would urge the Congress to bring Selective Service registration to an end. Indeed, with tensions between the United States and the Soviet Union easing, now is the time to eliminate funding for the Selective Service System in its entirety.

USSA "Organizing and Advocating for Students Across the Country"

United States Student Association / 1012 14th St., N.W. Suite 207 / Washington, D.C. 20005 / (202) 347-USSA

TESTIMONY

SUBMITTED TO THE

SUBCOMMITTEE ON
VA-HUD-INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

THE HONORABLE BOB TRAXLER,
CHAIRMAN

BY

JANET LIEBERMAN,
LEGISLATIVE DIRECTOR

OF THE

UNITED STATES STUDENT ASSOCIATION

APRIL 27, 1990

Mr. Chairman and members of the Subcommittee, I am Janet Lieberman, Legislative Director of the United States Student Association (USSA). USSA is a national membership organization representing students attending diverse colleges and universities around the country. Our primary goals are to increase access to postsecondary education and to improve educational opportunity for all individuals in our nation. Thank you for this opportunity to submit testimony on USSA's recommendations regarding the funding of the Selective Service System. It is USSA's hope that Selective Service will be placed into deep standby.

For years USSA and other organizations have questioned the concept that Selective Service is essential to our national security. Recent developments throughout the world have only strengthened the case for reducing funding for Selective Service. Rather than focusing on issues of military preparedness, this testimony will explain the effect of Selective Service on the nation's youth and students.

Selective Service fosters a skewed view of civic responsibility. As an American young man's eighteenth birthday approaches, he is notified that he must register for Selective Service. He is told he must report to a post office and complete his form or face severe criminal penalties. For many males this requirement is the first interaction they will have with the government. Ironically, the American taxpayers spend more than $25 million a year so that eighteen year olds can be compelled to report to the Post Office to register for the draft, yet many of those same young men cannot register to vote at the post office. Young people realize that the government is willing to invest millions of dollars and a great deal of energy into placing their names on the rolls for the draft but has yet to make such an investment to remove barriers to voter registration. Is it any wonder that so many youth today feel disenfranchised? An eighteen year old sees that he is forced to put his name on a list to possibly die for his country, but often he cannot register to vote.

Selective Service has become a tool for manipulating low income students.

Selective Service was intended to be a fair and equitable system, requiring rich and poor alike to register. However, with passage of the Solomon Amendment, it became the law of the land that college students could not receive federal financial aid unless they certified their compliance with the laws surrounding Selective Service. With this legislation, the nature of student aid changed drastically. Student aid is no longer solely a way for our nation's disadvantaged students to have economic access to college; it has become a tool for manipulating and compelling low and middle income students into compliance while wealthy students remain exempt. The government sends a strong message to our nation's youth: If you are poor and want to attend college, you must do this. If you are lucky enough to be able to afford college without financial assistance, you will not be held to the same standard. Placing Selective Service into deep standby would obviously eliminate this double standard.

Selective Service is a barrier to college for disadvantaged youth.

The Solomon Amendment paved the way for other legislation linking student aid to extraneous requirements. Financial aid applications are now extremely complicated as student aid is linked to Selective Service, immigration law, the war on drugs, and perhaps in the future to national service. It is widely accepted that complicated student aid applications are a barrier to education for disadvantaged students. Any efforts to simplify the applications during the upcoming reauthorization of the Higher Education Act will be thwarted in part by the Selective Service requirement. Financial aid administrators have become overburdened with the responsibilities of certification for these extraneous requirements to the point where they often lack adequate time and resources to serve and counsel students to the full extent that they are able. Placing Selective Service into deep standby would simplify student aid immensely and remove a barrier to higher education.

Selective Service forces many conscientious males to forego college.

After considerable analysis and reflection, many young men come to the conclusion that their moral or religious beliefs would be compromised if they were to register for the draft. Those who are economically disadvantaged must forfeit the opportunity to attend college and the advantages it brings. Campuses (and the nation as a whole) lose thoughtful students who make important decisions based on their convictions rather than on what they are told. This is no small problem, and ending draft registration would solve it easily.

Selective Service funding cannot be justified

Aside from all of the problems draft registration causes, there is the question of whether the money could be better spent. As Congress and the President are working to reduce the defense budget and redirect the savings toward priority domestic programs and deficit reduction, USSA finds it difficult to fathom how the United States could consider continuing to invest so much money into draft registration.

Twenty-six million dollars may not sound like much compared to the billion and even trillion dollar figures common to discussions of the budget, but students realize that $26 million is equal to nearly 20,000 Pell Grants or the present funding of the Talent Search program. Many student aid programs were subjected to severe cuts during the 1980s, and students understand that the 1990s will be a crucial time for education funding if the nation is to be prepared to face the challenges of the future. Similarly, scores of other important domestic programs have experienced funding cuts that the nation cannot afford. During these times of budgetary constraints when programs serving the nation's disadvantaged are desperately in need of increased funding, appropriating $26 million for Selective Service strikes students as absurd.

In 1980, this subcommittee voted against funding for draft registration even after President Jimmy Carter called for it. The funds were restored by the full Appropriations Committee by a narrow vote of 26-23. I believe that had the Committee known in 1980 that registration "incentives" such as the Solomon Amendment would be implemented, initial funding for draft registration would not have been appropriated.

On February 21, 1990, this Subcommittee posed a question to Selective Service: "The world's a different place. It's not nearly as dangerous as it was when the Selective Service was in deep standby prior to (1980)... Why don't we put this back into deep standby and save $15 or 20 million?" USSA was inspired by the question, and we hope you will act on this opportunity to send a new message not just to the Soviet Union, but to American students.

On behalf of USSA, I thank you for the opportunity to express the views of students regarding the funding of Selective Service.

TESTIMONY OF TITUS PEACHEY
CO-EXECUTIVE SECRETARY FOR MENNONITE CENTRAL COMMITTEE
U.S. PEACE SECTION

BEFORE THE SUBCOMMITTEE OF VETERANS ADMINISTRATION,
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

April 23, 1990

I would like to take this opportunity to thank this committee for reviewing the work of the Selective Service System, and to express some of our concerns regarding Selective Service and the continuation of military registration.

I am writing on behalf of the Mennonite Central Committee, an agency which partners with Mennonite churches around the world to alleviate human suffering. The motivation for our work stems from our commitment to God, the creator and sustainer of life, and from our commitment to the teachings of Jesus. Jesus upheld the dignity and worth of all human beings, and demonstrated in His life the way of peace and suffering love, even for the enemy.

It is due to these deep religious commitments that we as a people have always sought exemption from participation in warfare. Fifty years ago, at the onset of World War II, we were grateful for the legal provisions for alternate service (Burke-Wadsworth Act), granted to many conscientious objectors to war. Thousands of our young men served in Civilian Public Service camps during the war years.

Since that time, thousands of our young people have chosen service opportunities with a church-related agency, as an expression of their commitment to God, and to the way of peace. This continues to be the case, even in the absense of a military draft.

Despite the legal aknowledgement and respect for conscience against war as initiated in the Burke-Wadsworth Act and expressed in the Selective Service Code, we find that the law continues to place a difficult burden on many conscientious objectors.

Some of our young people find that the same conscience which forbids them to enter the military, also forbids them to register with Selective Service, the system whose sole purpose is to produce military inductees. Several of the Mennonite church bodies have officially acknowledged conscientious objection to military registration as a valid expression of the teachings cf Jesus, and the tradition of the church.

The law thus fails to recognize a legitimate, church supported group of conscientious objectors to war. In this sense, it is discriminatory, for it provides federal student aid and other benefits to some conscientious objectors, while denying the same benefits to others.

We are gratified by recent world events, and the warming of east-west relationships for which we have prayed and hoped. In this regard, the Mennonite Central Committee U.S. Peace Section passed the following statement on April 21, 1990:

> We call upon you, our nation's leaders, to once again "send a message" to the Soviet Union in response to their recent peace initiatives, this time by ending draft registration ... Soviet people are our friends, and we desire closer ties with our sisters and bothers there. The termination of the registration program would send the message of open arms instead of clenched fists, friendship instead of belligerence.

Thus we view military registration as a violation of our most profound commitments. We cannot support any system which prepares young persons to kill other human beings, no matter how noble the cause. There is greater strength, meaning, and wholeness in the way shown to us by Jesus. We intend to follow that way, even in the midst of a violent and fragmented world.

For these reasons, we urge you to end military registration. It is, in our view, a necessary completion of the work begun fifty years ago when conscientious objection to war first gained legal status.

TESTIMONY OF
BISHOP WALTER F. SULLIVAN
CATHOLIC DIOCESE OF RICHMOND
ON
THE SELECTIVE SERVICE SYSTEM

TO THE
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
April 27, 1990

I am Walter F. Sullivan, bishop of the Catholic Diocese of Richmond. I am a member of the consultative council of the National Interreligious Service Board for Conscientious Objectors and of the National Council of Pax Christi USA and chair of the board of the Churches' Center for Theology and Public Policy.

I've written a number of letters and sent written testimony to this committee over the last few years about the Selective Service System (SSS). I welcome once again the opportunity to suggest to you the significance of the decisions you'll soon make about the future of the SSS. In particular, I want to address continued funding of registration of 18 year olds for military service and the SSS' standard for evaluating claims of conscientious objection.

Registration

In its 1980 Statement on Registration and Conscription for Military Service, the administrative board of the US Catholic Conference acknowledged the right of the state to register its citizens for military conscription, provided that there are convincing reasons to do so. In other words, registration is not (as it has become in the last ten years) a fact of life or even an ordinary civic obligation. Nor is it an "insurance policy" for unknown future contingencies. It must be justified by a particular pressing need.

When registration was reinstituted in 1980, it was justified as a strong signal of US military resolve at the time of the Soviet invasion of Afghanistan. Needless to say, the world is a much different place than it was ten years ago - even than it was one year ago. I believe that it is time for a new signal of US resolve, the resolve to seek diplomatic rather than military solutions to regional and superpower conflicts.

Right now, registration is in search of a reason to exist. I urge you to examine especially closely any claim that registration is necessary for "military preparedness". Ask yourself, what must we be prepared for? A low intensity conflict in Central America turning into a high intensity war? Our next Grenada or next Panama dragging out into a Vietnam-style war? It's said that as long as a weapon with a bigger bang for the buck exists, it will eventually be used. I believe the same is true of so-called "military preparedness". As long as young people are ready to be called up, one day they will be. In an age of nuclear and chemical weapons, the US can no longer afford to settle any conflict by force of arms. What little reason there may have been for instituting registration in 1980, there is no justification for continuing registration in 1990 and no reason to continue funding it. Should we not instead be building up a national political and diplomatic preparedness so that the US is ready for the hard work of negotiating ends to conflicts?

Conscientious Objection

Even with de-funding (and effectively ending) registration, one very important issue will remain to be settled - the standard for evaluating conscientious objection (CO) claims. In the forms and manuals the SSS has prepared over the last ten years, CO claimants are asked to demonstrate that their consciences would give them "no rest or peace" if they were to participate in either combatant or non-combatant military training and/or service. This is an unacceptable departure from the traditional (and court-approved) standard of 1) opposition to participation in war based on religious, moral, and/or ethical training and belief and 2) sincerity of belief.

It is also an impossible and even insulting standard for judging CO claims. It's impossible because any measure of "no rest or peace" is at best entirely subjective and at worst entirely speculative. It's insulting because of the unstated assumption that CO claimants must be psychologically, emotionally, or spiritually distressed. As a pastor, I would expect that a person who has heard and wrestled with the voice of conscience, and begun to conform their life to the truth they find there, to show serenity and even confidence in following the call of their most deeply held beliefs.

Ending registration will not end the use of this spurious standard for evaluating CO claims. If it is not explicitly rejected, the standard could well be unearthed from a musty file if a draft is ever reinstituted. More immediately is the very real possibility that if the "no rest or peace" standard is not explicitly rejected, it will be misused in crystallization of conscience cases in which enlisted personnel seek CO discharge.

Conclusion

I thank you once again for the opportunity to share these concerns with you. I urge you not to continue funding for draft registration and I encourage you to use the persuasive power of the purse strings available to you as an appropriations committee to nudge the Selective Service towards fair and respectful treatment of CO claimants.

NISBCO

National Interreligious Service Board for Conscientious Objectors

TESTIMONY OF

CHARLES A. MARESCA, JR.

ON BEHALF OF THE

NATIONAL INTERRELIGIOUS SERVICE BOARD FOR CONSCIENTIOUS OBJECTORS

BEFORE THE

SUBCOMMITTEE ON VA-HUD-INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

SUBMITTED APRIL 27, 1990

OFFSET
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Suite 750, 1601 Connecticut Ave., NW, Washington, DC 20009-1035 (202) 483-4510

[illegible] WILLIAM YOLTON Executive Director · [illegible] · CHARLES MARESCA [illegible] · [illegible] · DAVID W. TREBER [illegible]
CHARLES EPP Midwest Representative · JOSEPH S. [illegible]CHINSKY North Central Representative · HERMAN WILL JR. [illegible] Northwest Representative · G[illegible] Southwest Representative · JEREMY H. MOTT Northeast Representative

My name is Charles A. Maresca, Jr. I am the staff attorney for the National Interreligious Service Board for Conscientious Objectors. I was admitted to the Maryland bar in December 1988, and I have been on the NISBCO staff since 1979.

The National Interreligious Service Board for Conscientious Objectors is an association of over thirty denominations and national religious groups which was formed fifty years ago and which exists to defend and extend the rights of conscientious objectors to military service.

For the past four years, NISBCO has been offering testimony about the standard that the Selective Service System plans to use in judging conscientious objector claims in the event of a return to national conscription. Selective Service plans to require that every conscientious objector demonstrate to the satisfaction of the local board that he or she would suffer "no rest or peace" in the event that the CO classification were denied.

NISBCO deeply appreciates the concern which this committee has already demonstrated for this problem. Such a standard goes beyond what the statute and controlling Supreme Court decisions require. It constitutes a psychological test, rather than a belief and sincerity test, which is what should be required.

This "no rest or peace" standard, which we have also called a "mental anguish" test, using that phrase because it appears in the Selective Service training manual for local board members, is illegal, confusing, and has the potential to disrupt the processing of every conscientious objector claim, until it is resolved.

History

Mr. Chairman, the history of the use of this illegal standard begins in 1972, in the landmark case of Welsh v. United States, 393 U. S. 333 (1970). Welsh was a conscientious objector who had refused to characterize his beliefs as "religious" in nature. His claim was denied by the Selective Service System, he refused induction, and he was prosecuted. As a defense, he claimed that he had been illegally denied his claim for classification as a conscientious objector. The case went to the Supreme Court, and to this date, the Welsh case stands for the proposition that under the United States Constitution, the term "religious beliefs" may also include moral and ethical beliefs which have a controlling influence in an individual's life. Welsh was declared qualified for the conscientious objector classification.

In a plurality opinion summarizing the predicament of Welsh and other conscientious objectors similarly situated, Justice Hugo Black wrote

> On the basis of these [nonreligious] beliefs and the conclusion of the Court of Appeals that he held them "with the strength of more traditional religious convictions," we think Welsh was clearly entitled to a conscientious objector exemption. Section 6(j) requires no more. That section exempts from military service all those whose consciences, spurred by deeply held moral, ethical, or religious beliefs, would give them no rest or peace if they allowed themselves to become a part of an instrument of war.

Welsh v. United States, 398 U. S. 333, 343-344 (1970)(citation omitted).

Envisioning large numbers of "nonreligious" conscientious objectors and seeing no objective way of determining the quality of these beliefs, Selective Service in 1972 revised its CO regulations and form (which itself has the legal force and effect of regulations) to include the requirement that the CO applicant demonstrate that he or she would suffer "no rest or peace" should the CO claim be denied. Both the regulations and the form have since contained the "no rest or peace" mental anguish standard.

Where It Is

This regulation has survived the revisions of Selective Service regulations which took place in the 1980s. It now appears at 32 C.F.R. 1636.8(b):

> The registrant's stated convictions should be a matter of conscience which would give him no rest or peace should he participate in war.

It also appears on the CO Form, and we have reproduced that form as an appendix to our testimony.

The training manual first used nine years ago by the Reserve Forces Officers who train draft board members contains numerous references to this standard. Local board members have been instructed to look for signs of "mental anguish": "The Selective Service System procedures state that the conscientious objector must explain to the Board 'the extent to which participation in war would, as a matter of conscience give him no rest or peace.'" *Lecture Introduction*, "A Night with a Board," Part III - Conscientious Objection, Board Member Training Module No. 10, page 1.[1]

Among other requirements, the training manual tells the board member that the conscientious objector "must identify and *describe the mental anguish* that would result from participating in war." Id., page 3 (emphasis added). When this module lecture is summarized, the trainer is instructed to repeat, "What *mental anguish* would result from participating in war?" *Module Summary Lecture*, "A Night with the Board," Module No. 10, page 1.

Why It Is Wrong

The use of this standard is wrong as a matter of law. The Supreme Court has consistently stated that the conscientious objector has to present only a *prima facie* claim; that is, the applicant must show (1) opposition to participation in war in any form, (2) this opposition is based upon religious training and belief within the meaning of that term in Section 6(j) of the Military Selective Service Act, and (3) he or she is sincere in this belief. It is up to the local board to find "some basis in fact" for finding that the claimant is not opposed to war in any form, or that the claim is not based on religious, moral, or ethical beliefs, or that the claimant is insincere. Clay v. United States, 403 U. S. 698 (1971).

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[1] The SSS procedures manual, Registrant Information Management System, has been revised since the development of the local board member training materials. The "no rest or peace" standard does not appear in this revision, and hence, the local board training is no longer correct on this point. To date, no materials have been sent to local board members to indicate this change.

Mr. Chairman, as we told this committee last year, in our research we were able to find only two cases in which this "no rest or peace" standard was placed in issue; in both cases, the courts ruled that the use of this standard was invalid. Chapin v. Webb, 701 F. Supp. 970 (D.Conn. 1988); Masser v. Connolly, 514 F. Supp. 734 (E.D.Pa. 1981). In a third case, O'Hara v. Laird, 339 F. Supp. 101 D.R.I. 1972), the court in a footnote quoted the Conscientious Objector Review Board to the effect that the servicemember applying for a CO discharge had not established that his conscience would give him "no rest or peace if he allowed himself to remain an instrument of war." The court found that the denial of this CO application was without basis in fact. "(T)he Board is not at liberty to merely disbelieve the claimant. There must be some facts in his application -- hard, provable, reliable facts -- that provide a basis for disbelieving the claimant." O'Hara, quoting Helwick v. Laird, 438 F.2d 959 (5th Cir. 1971), at 963.

We are concerned, therefore, that this standard is illegal and speculative. It is also confusing to the registrant applying for classification as a conscientious objector. All such applicants must demonstrate the sincerity of belief; the more unshakable the belief, the better. On the other hand, under this "no rest or peace" standard, applicants would at the same time have to demonstrate that those beliefs would somehow not sustain them fully were they to be drafted.

Even if Selective Service officials can make sense of this requirement, we are convinced that local board members in many cases will misunderstand the standard, and still others will use it as a pretext to deny claims, as is already the case in military claims. We also believe that some COs, scrupulous as they are, may mistakenly believe that they do not qualify because of this "mental anguish" standard.

In previous testimony, we have referred to our conclusion that Jesus, Gandhi, and Dr. Martin Luther King, Jr. would suffer no "mental anguish" upon a forced induction. We would like to point out further that Henry David Thoreau, Dorothy Day, and contemporary religious and moral leaders as well have suggested that serenity lies in the deprivation of liberty for the sake of conscience. Conscientious objectors as a population are quite familiar with these respected figures, and in seeking to emulate them, would not necessarily conclude that being forced into the military against their beliefs would deprive them of the rest and peace those beliefs provide. They simply would not participate.

NISBCO would furthermore like this committee to understand that the potential conflict over this standard would jeopardize the processing of CO claims nationwide, during a time of national mobilization. We would like to think that the courts would uphold the rights of conscientious objectors to be judged by legally correct standards; however, to the extent that court-ordered injunctions against illegal CO processing would interfere with such a mobilization, the likely outcome would be to curtail the rights of conscientious objectors. We do not believe that such an outcome is necessary. Selective Service merely has to revoke this regulation, and issue clear instructions to local boards not to use this standard.

We're Puzzled by the Director's Remarks before Congress

Mr. Chairman, in his remarks before this committee, the Director of Selective Service has suggested that this issue that we have raised is "a non-question." For all the reasons that we have already documented, it most assuredly is a substantive problem which the Selective Service System ought not to ignore. The fact is that the Selective Service System was instructed last year by the Congress of the United States to address this problem. Selective Service has failed to do so. This committee went further and actually sought to revoke the regulation.

Before the Senate counterpart to this committee, the Director of Selective Service said that my organization is responsible for "misinformation and distortion" on this issue. We most strenuously disagree with to this characterization of our efforts. NISBCO is an organization of churches and religious organizations, whose representatives are men and women of high principle. We do not, as a matter of belief and practice, engage in the telling of untruths or half-truths. We have made great efforts to be open and clear about this standard, and the Director's perceptions are of great concern to us.

This is especially true in the light of the many ways we have sought to communicate directly to Selective Service our concern about the "no rest or peace" standard over the past several years. The current discussion began in 1985 with a meeting between Selective Service officials and NISBCO concerning Form 22, the conscientious objector claims documentation form. In that meeting and since that time, in direct meetings between the several directors of Selective Service and the Rev. L. William Yolton, Executive Director of NISBCO, and in other staff meetings with Selective Service officials, we have pressed our concerns about this standard for judging CO claims. We have submitted comments in response to proposed rulemakings and in response to the publication of this form which have also addressed this "no rest or peace" standard. Representatives of our board of directors have twice met with the current director of Selective Service.

To a characterize our efforts as misinformation is not conducive to any sort of helpful dialogue. Without such dialogue, I fear the erosion of existing CO rights; I also fear future legal conflict. Such conflict could be avoided simply by reasonable action in the present.

There is no need to wait. Given Selective Service's inaction on this issue of great importance to the rights of conscientious objectors, we urge this committee again to direct that this regulation be revoked. At the least, funds for Selective Service should be withheld until this regulation is revoked, and every member of every local board notified of the revocation.

Defunding

Further, on the basis of the Selective Service testimony, and in view of the inaction of the Selective Service System despite Congressional instructions on this issue, you must ask whether Selective Service currently has the capability to review in a timely manner its regulations for legal sufficiency. it appears to us they do not. This is a minimal requirement for any executive agency, but it is a critical requirement for the agency charged with directing this nation's system of conscription in a time of national emergency. NISBCO believes that this is strong evidence that the Selective Service System is currently incapable of carrying out what remains of its mission, and we suggest that the draft registration program be defunded.

In his testimony and in his annual report, the Director refers repeatedly to the large amounts of money that the SSS public information program requires, principally responding to requests for information generated by these Solomon laws. Defunding would also save this hidden cost of draft registration.

Defunding registration would not only save the American taxpayer the some of the costs of running an agency that has outlived its usefulness and which cannot meet the most minimal requirements of an executive agency; defunding would also relieve the conscientious objectors who are suffering as a result of the Solomon amendments' restrictions on federal and state financial aid, federal employment, and other state programs.

Mr. Chairman, defunding would also provide a way to maintain a more reasonable dialogue on the standard for conscientious objectors and other issues regarding Selective Service. If draft registration were defunded, and the Selective Service System placed on a standby status, then changes in regulations could be discussed in a less urgent and volatile atmosphere. Presumably, as long as the draft agency feels it must be ready to go at a moment's notice, there exists a pressure not to change any regulations, or even discuss any changes to their regulations.

The Selective Service System's Mission Is Over

With the sweeping changes in Europe and the collapse of the Warsaw Pact, Mr. Chairman, there is nothing left of the Selective Service mission. An unforeseen attack in Europe by the Soviet Union is no longer likely, or perhaps even possible. Registration for conscription to provide combat replacements in a war in Central Europe is not justified. With imminent world-wide force reductions, the foreseeable need for conscription, which is the only mission of Selective Service, is over and gone.

Summary

The Selective Service System has not responded to the clear direction of the Congress of the United States in the matter of the use of an illegal standard for judging conscientious objector claims. Under current regulations, the rights of conscientious objectors are in danger. **Therefore, no funds should be appropriated until the regulation, classification form, and training materials in question are revoked.**

Selective Service has not performed a review of its regulations for legal sufficiency, and continues to procrastinate about resolving the legal issues in this illegal regulation. The reasons for an active draft registration program are gone, as well as reasons for a fully funded Selective Service System. **We urge this committee to end funding this unnecessary program, and to reduce the level of funding for this unnecessary agency.**

Thank you, Mr. Chairman, for allowing me to testify before your committee; we would be happy to respond to any questions you might have.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

PHILIP A. BROMBERG, AMERICAN LUNG ASSOCIATION

Mr. STOKES. Our next witness is Dr. Philip Bromberg.

Dr. Bromberg, we are pleased to have you before the subcommittee this morning, and we will put into the record your full formal testimony, and you may proceed to summarize, if you would like.

Dr. BROMBERG. Mr. Chairman, I am Dr. Philip Bromberg. I am a Professor of Medicine at the University of North Carolina, and a Director of the Center for Environmental Medicine in the School of Medicine at that university.

I am here on behalf of the American Lung Association and its medical section, the American Thoracic Society, to comment on the proposed fiscal year 1991 appropriation for the EPA.

And if time permits, just a few words about the Veterans Administration's lung disease research activities. The American Lung Association this year is supporting President Bush's recommended 35 percent increase in the EPA Air Program budget over the current services level.

And we commend the Administration for its recognition of this critical program activity and its need for adequate resources.

The Administration has requested $390 million for the Air Program, and out of the total EPA budget of something on the order of $5.5 billion, and we urge the subcommittee to resist any attempts to provide less than what the President has proposed.

The Air Program, as you know, must deal with a variety of emerging major issues, such as stratospheric ozone depletion and its effects, global warming and its effects, hazardous and toxic air pollutants, acid rain, indoor air quality, as well as ambient air pollution with the products of fuel combustion, principally automotive and power generated combustion.

The latter pollutants include ozone and sulfur dioxide and carbon monoxide and particulate matter. The National Ambient Air Quality Standards have been promulgated by EPA for these so-called criteria air pollutants.

The American Lung Association is, of course, particularly concerned about health effects of the criteria pollutants, most of which directly affect the respiratory system.

The protracted problem of the ambient air pollution continues to pose a significant public health threat to millions of Americans. In 1990 and 1991, an estimated 148 million Americans, about 60 percent of the population, live in communities that have failed to attain the National Ambient Air Quality Standards for criteria pollutants, especially ozone and carbon monoxide.

Last year I shared with the subcommittee a lung association study of almost 500 communities that remain in nonattainment.

This study particularly focused on specific groups at risk from air pollution, and noted that the elderly, children and adults with asthma, and people with chronic obstructive lung disease were especially vulnerable to the health effects of air pollution.

In January, the American Lung Association released two other studies which examined the health costs associated with motor vehicle emission and the impact on air quality of the potential auto emission control strategies and estimates that the health costs associated with the products of automobile emissions alone fall within the range of billions of dollars.

I recommend these documents to Members of the subcommittee who have not had the opportunity of reviewing them.

We believe that EPA's air program budget is especially critical if we are to seriously address the air pollution public health problems that contribute to such health costs and believe that the committee should protect this budget from any severe cutbacks.

We have presented some budgetary recommendations and a table in our testimony, but I want to focus on the second line in that table that, unlike the general increase that the President sees as necessary to be able to cope with this tremendous increase in programmatic activity that I have summarized before, that the health effects, research and development budget, has actually been cut from $16.5 to $15 million.

We believe that this is quite shortsighted, indeed, astonishing. The proposed decrease follows a number of years of neglect by the previous Administration and must not be allowed to stand.

We recommend strongly a 15 percent increase in the health effects research and development budget over the current level, and rather than the one-and-a-half million dollar decrease recommended by the Administration, a two-and-a-half million dollar increase.

I would like to call the subcommittee's attention to a matter that is not technically under its jurisdiction but pertinent, I believe, to the discussion of funding for health effects research.

The Administration has recommended a $5 million reduction in the budget for university-based research and education programs administered through the NIEHS. This was established in the Super Fund amendments and Reauthorization Act of 1986.

The President has required $11.9 million for the program, which certainly does not reflect the essential nature of this interdisciplinary program in studying environmental hazards and their impact on health.

What I fear it does reflect and reenforces is a long-standing pattern of neglect and reduction in the health effects research budget and underscores the critical need for the subcommittee to increase the EPA's budget in this area, consistent with the ALA recommendation.

Thank you very much.

Mr. STOKES. Thank you very much, Dr. Bromberg.

You have been very helpful to us, and we appreciate your presence here.

Thank you.

[The statement of Dr. Bromberg follows:]

Office of Government Relations
Fran Du Melle, Director
1726 M Street, N.W., Suite 902
Washington, D.C. 20036-4502
(202) 785-3355
FAX (202) 452-1805

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Statement of Philip A. Bromberg, M.D.

on behalf of

The American Lung Association
The American Thoracic Society

to the

House Committee on Appropriations
Subcommittee on HUD-Independent Agencies

RE: Appropriations for Fiscal Year 1991

for the

Environmental Protection Agency
Air Program

and

Veterans Administration
Medical Research Program

May 1, 1990

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Mr. Chairman and Members of the Subcommittee, I am Dr. Philip Bromberg, Director of the Center for Environmental Medicine at the School of Medicine at the University of North Carolina. On behalf of the American Lung Association and its medical section, the American Thoracic Society, I appreciate this opportunity to comment on the proposed fiscal year 1991 appropriation for the Environmental Protection Agency. My comments will focus on the Agency's Air Program and its Research and Development component. Because the Veterans Administration's lung disease research activities are of equal concern to ALA, I also will discuss the fiscal 1991 appropriation for that work, which makes an often overlooked, yet vital contribution to the health and well being of our nation's veterans.

The Environmental Protection Agency

This year, the American Lung Association is supporting President Bush's recommended 35 percent increase in the EPA Air Program budget over the current services level. ALA commends the Administration for its recognition of this critical program activity and its need for adequate resources. The Administration has requested $390 million for the Air Program and we urge the subcommittee to resist any attempts to provide less than the president has proposed.

The protracted problem of air pollution continues to pose a significant public health threat to millions of Americans in 1988. An estimated 146 million Americans -- approximately 60.5 percent of the resident U.S. population -- live in communities that have failed to attain National Ambient Air Quality Standards (NAAQS).

Last year, I shared with the Subcommittee an ALA study of the 487 communities that remain in nonattainment. The study, "Breath in Danger," based on data from the Environmental Protection Agency, estimated the size of specific groups of people at particular risk of adverse health effects due to air pollution. The study noted that the elderly, children and adults with asthma, people suffering from chronic obstructive pulmonary disease (COPD), and children under the age of 13 are particularly vulnerable to the health effects of air pollution.

In January of this year, the ALA released another national study, "Pollution On Wheels II: The Car Of The Future," which examined the health costs associated with motor vehicle emissions and the impact on air quality of potential auto emission control strategies. In this study, the American Lung Association estimates that the health costs associated with the products of automobile emissions alone fall within the range of tens of billions of dollars. I would strongly commend this document to members of the subcommittee who have not reviewed it.

The EPA's Air Program budget is especially critical if our nation is to seriously address the air pollution public health problems that contribute to such health costs. This budget must be protected from any severe cutbacks. The ALA recommendations for the fiscal year 1991 EPA Air Program and selected components within the program are presented in the following table:

ALA Recommendations for the FY 1991
EPA Air Program
(in millions of dollars)

	Bush Recommendation	Current Estimate	ALA Recommendation
Air Program	$390.0	$298.0	$390.0
Health Effects R&D	15.0	16.4	19.0
Air Program (total) R&D	78.0	95.0	95.0
Air Quality & Stationary Source Planning & Studies (Abatement, Control & Compliance)	31.2	21.7	31.2

Health Effects Research and Development

Given our earlier commendation to the Administration for its rcognition of the need to adequately support the Air Program, it is astonishing and short-sighted that the president is requesting a 10 percent decrease in the budget for Health Effects Research and Development. This proposed decrease follows a number of years of neglect by the previous administration, and must not be allowed to stand. For many years, we have studied the impact of air pollutants on human health and much work remains ahead of us. Given the continued vulnerability of the elderly, pregnant women, people with lung and heart disease, and the nation's children, among others, to the harmful effects of "criteria" air pollutants, we strongly recommend a 15 percent increase in the fiscal 1991 Health Effects Research and Development budget over the current services level. A 15 percent increase translates into a $19 million increase for FY 1991.

I urge the subcommittee to examine closely another ALA document, also released in January of this year. Entitled "The Health Costs of Air Pollution," the study was prepared for the ALA by environmental consultant James S. Cannon. The report is the third in a series of ALA analyses to explore the complex issue of identifying the economic costs of the health-related effects of exposure to outdoor air pollution. The study uses EPA data and other sources to look at both illness and premature death linked to exposure to outdoor air pollutants and examines the estimated costs.

I would like to call the subcommittee's attention to a matter that is not technically under its funding jurisdiction, but is nonetheless critical to the discussion of funding for health effects research. The Bush Administration has recommended a $5 million reduction in the budget for the university-based research and education program at the National Institute of Environmental Health Sciences (NIEHS). This vital program was established as part of the Superfund Amendments and Reauthorization Act of 1986. The president has requested $11.9 million for the program. This request does not reflect the essential nature of this multi-project interdisciplinary program, which facilitates the joint efforts of scientists in various fields as they study environmental hazards and their impact on human health. However, it does reflect and reinforce a longstanding pattern of neglect and reduction in the health effects research budget and underscores the critical need for the subcommittee to increase the EPA's budget in this area consistent with the ALA/ATS recommendation.

Air Program Research and Development Budget

The ALA/ATS enthusiastically supports the Administration's proposed 22 percent increase in the Air Program's total Research and Development budget. The request would provide approximately $95 million for fiscal year 1991. As the subcommittee knows, the research program provides the research and technical support necessary to enable the EPA to carry out its regulatory and information transfer responsibilities under the Clean Air Act. Such initiatives include the provision of scientific data necessary to determine the effects of stratospheric ozone depletion and develop control strategies; the provision of scientific data necessary to determine sources, exposures, health effects and control strategies associated with indoor pollutants; the provision of scientific support to develop regulations for hazardous air pollutants (HAPs); and, the provision of scientific data necessary to determine the effects of global warming and develop control strategies. The president's request provides for increases in funding for all of these laudable objectives. However, as we have noted, the budget for research on the human health effects of air pollution has been slighted by 10 percent and we would urge the subcommittee to recognize this discrepancy and provide appropriate increases that are in line with other initiatives under the Air Program Research and Development budget. For example, there is a critical need to increase the level of funding for research on the chronic health effects of ground level ozone.

The Administration also seeks, within the Research and Development budget, an increase of 44 percent in the Air Quality and Stationary Source Planning and Standards program. ALA supports this increase, which amounts to $31.2 million, and urges the subcommittee to support it as well. The increase in the Air Quality and Stationary Source Planning and Standards program's budget is necessary to support new activities anticipated in the reauthorization of the Clean Air Act, including activity to attain the health-based National Ambient Air Quality Standards.

Mobile and Stationary Source Enforcement

The ALA/ATS is pleased that the president's recommendations for both Mobile and Stationary Source Enforcement provide for a 150 percent and 63 percent increase, respectively, over the current estimate levels. The Administration's proposed level of funding would provide $5 million for Mobile Source Enforcement and $6.5 million for Stationary Source Enforcement.

I will conclude this EPA-related portion of my testimony by reminding the subcommittee that the prevailing nationwide nonattainment of air quality standards remains a significant public health threat to millions of your constituents. The president's budget offers hope for addressing this problem. In many areas, encouraging increases are recommended by the Administration. There are a few areas, however, where we believe that more realistic funding levels are sorely needed. I have singled out these areas for you and urge you to accept our recommendations. As always, we stand ready to offer our assistance as the subcommittee continues it deliberations.

The Veterans Administration

Mr. Chairman, while the Administrations budget proposal for the EPA for fiscal 1991 is very positive, it does not appear that the Administration's commitment to the good health of our nation's citizens extends to the Medical Research program administered by the Department of Veterans Affairs through its VA health care system.

The situation prompts a question -- Why does the federal government have such a great commitment to the active Armed Forces of our country, through funding for defense weapons development systems, and such an embarrassingly weak commitment to those who have served in the past?

Funding for the VA Medical Research program is quite possibly among the most productive and well spent of any federal resources. While the VA Medical Research program is modest by most standards, it plays an extremely valuable role in the nation's overall medical research effort:

o It provides a scientific environment for top researchers who thrive in a patient-care setting. Without this important component, most scientists would leave the VA system for other, more academically sophisticated settings.

o It serves as a cutting edge for the clinical research arena where promising disease treatments are carefully tested by clinicians and scientists who wish to improve the quality of care to veterans and others who would benefit from medical advances.

o It allows scientists the opportunity to work with a patient population that shares a number of important epidemiologic similarities. These similarities mean a great deal to a scientist who is trying to learn about a given disease.

o It serves as a valuable proving ground for young, talented individuals who wish to devote their careers to the biomedical sciences. The VA Career Development program provides grants to support the training of future investigators. Today we face a crisis situation as a decreasing number of bright, young people choose research careers. We need every possible resource available to encourage more individuals to become researchers.

o And, it focuses on specific disorders that impact all Americans. For example, even though veterans are disproportionately affected by lung disease, the pulmonary research conducted by VA scientists provides benefits to all persons afflicted with lung disease.

Mr. Chairman, the president's fiscal 1991 budget proposal for the VA Medical Research Program is $198.5 million. Incredibly, this is nearly $15 million LESS than the current level of funding. It does not make good sense to reduce the commitment to medical research now, or in the future. With the myriad sophisticated technologies being development and applied today, this country is on the verge of making great strides in understanding, treating and preventing a vast range of medical disorders, including those affecting our veterans. The VA Medical Research program must be strong enough to foster this progress. To do less will be selling short those men and women who have served this country and deserve the very best -- not second best.

Thank you.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

HAROLD SNIDER, AMERICAN WATER WORKS ASSOCIATION

Mr. STOKES. Our next witness, Mr. Harold Snider, representing the American Water Works Association.

Mr. Snider, we are pleased to have you with us this morning.

Mr. SNIDER. I am Assistant Director of the Water Pollution Department in Kansas City, Missouri. I am here as the President of the American Water Works Association, a 109 year old scientific and educational association and the largest association in the world representing professionals in the drinking water industry.

You have been furnished a complete text that I will try to summarize, Mr. Chairman.

Mr. STOKES. We will include your full text in the record, Mr. Snider.

Mr. SNIDER. Thank you.

The American Water Works Association supports increased funding for the EPA, and particularly the Office of Drinking Water and its programs, for the fiscal year 1991 and beyond. We believe few environmental activities are more important to the health of this country than assuring the protection of water supply sources, the treatment, distribution and consumption of a safe and healthful supply of drinking water.

We hope that you will be open to our funding recommendations and consider allocation shifts in EPA's programs, so as to provide at least part of the increases requested in the drinking water program. It has been severely underfunded over the years.

We support full implementation of the Safe Drinking Water Act to assure that public water supplies are free of contaminants and may cause health risks.

The Act, as you know, is the basis for protecting public drinking water systems from health contaminants. We ask that you provide the Office of Drinking Water sufficient funds for full implementation of the current and pending Safe Drinking Water Act regulations.

For fiscal year 1991, a 10 percent proposed increase for EPA's drinking water program would result in an extra $12 million for a total budget of $133 million.

However, the bulk of this extra $12 million goes to increase state program grants, while funding for the equally important Rural Water Training Technical Assistance Programs would be reduced by 79 percent.

We agree with EPA that the states are the responsible party for carrying out Federal drinking water mandates. The states possess the expertise, particularly in the areas of sampling and testing for small systems.

After Indiana assumes primacy in 1991, Wyoming will stand alone as the only state without primacy. Unless Congress finds a way in the appropriations process to support states with these needs, the burden on already strained local resources will prevent states from doing the things required by EPA to retain primacy.

More importantly, public health may be compromised. Several state administrators have indicated they will not adopt rules such as lead and copper, because they question whether they can implement the new rules properly.

As a minimum, AWWA requests a $10 million increase over the Administration's request for state grants. To further support state primacy activities and provide assurance for the safety of the nation's public water supplies, AWWA requests the fullest possible funding of the $10 million authorized under Section 1442(G) of the 1986 Drinking Water Act amendments for small systems technical assistance.

These funds are needed in addition to state grants and must not be provided at the expense of other existing environmental grant programs.

Our affiliate organization, the American Water Works Association Research Foundation, runs an outstanding voluntarily funded R&D program. But they have all they can handle with the applied and technical research to help utilities implement the regulations.

In our opinion, basic health effects research belongs with the Federal Government, and more Federal funding needs to be appropriated.

Last year in conference committee, this subcommittee retained three million dollars for lead-based paint studies and support but dropped $10 million for public water supply system grants to reduce lead exposure to children from school fountains and other high risk sources.

This greatly concerned us, especially since no funds were appropriated the previous fiscal year for the Lead Contamination Control Act of 1988.

We urge the fullest possible funding for this vital program, which is now in its final year of authorization. Our Nation's school systems cannot implement this vital program without funding supports.

The water industry believes that protection of groundwater resources through state wellhead protection programs is an important step in protecting public health.

Federal support is needed if state wellhead protection programs are to be successful across the Nation. Some 30 states have now submitted wellhead protection programs to EPA for review and approval, and it's likely that more states will apply for assistance, should grant funds for wellhead protection be approved.

This concludes our funding request for fiscal year 1991. We urge you to increase the Office of Drinking Water's budget and provide the requested funding levels for the programs discussed.

Thank you, Mr. Chairman, for the opportunity to appear before you. I would be glad to answer any question that you may have.

Mr. Stokes. Mr. Snider, I appreciate very much your testimony. I am particularly interested in the area you referred to with reference to the public water systems and the lead exposure to children.

You are right for bringing this to our attention. Certain budgetary constraints last year made us have to make some very tough choices in terms of the studies or doing something about the water exposure to lead for children.

It's an area that both I and several other Members of this subcommittee are already interested in, and particularly pleased that you have mentioned this area.

Mr. **Snider**. Thank you, Mr. Chairman.

Mr. **Stokes**. Thank you very much for being here.

[The statement of Mr. Snider follows:]

American Water Works Association

TESTIMONY OF

The American Water Works Association

before the

VA, HUD, and Independent Agencies Subcommittee

Committee on Appropriations

U.S. House of Representatives

on

The Fiscal Year 1991 Budget

May 1, 1990

presented by

Harold E. Snider, President

The American Water Works Association

GOVERNMENT AFFAIRS OFFICE: 1010 Vermont Ave., N.W., Suite 810, Washington, D.C. 20005 (202) 628-8303

Good morning Mr. Chairman, my name is Harold Snider. I am the Assistant Director of the Kansas City Water and Pollution Control Department. I am here as President of the American Water Works Association (AWWA), a 109-year-old scientific and educational association and the largest association in the world representing professionals working in the drinking water industry. Our 50,000 members are comprised of administrators, utility operators, professional engineers, contractors, manufacturers, scientists, professors and health regulators. Our membership includes over 3,500 utilities which supply 75 percent of the nation's drinking water.

The American Water Works Association supports increased funding for the EPA, the Office of Drinking Water and its programs for fiscal year 1991 and beyond. Regrettably, Federal funding of the nation's environmental programs does not reflect the legislative emphasis and verbal pronouncements placed on the protection of public health. The Administration's proposed 12 percent increase in EPA's media protection program request for fiscal year 1991 is encouraging, but these extra funds would only begin to scratch the surface in terms of what needs to be funded by EPA to support its legislative mandate. The Environmental Protection Agency simply needs a bigger budget.

We recognize that this Subcommittee does not have the latitude to satisfy every Agency request as it simultaneously balances competing national interests in its efforts to reduce the deficit. Consequently, we believe Congress should prioritize EPA program funding in a manner that assures financial support to those legislatively mandated activities which pose the greatest health risks to the largest number of people. Such an approach would require new funding priorities within the Agency and shifts within EPA's appropriations.

We believe few environmental activities are more important to the health of this country than assuring the protection of water supply sources, and the treatment, distribution and consumption of a safe and healthful supply of drinking water. We hope that you will be open to our funding recommendations and consider allocation shifts in EPA's programs so as to provide at least part of the increases requested in the drinking water program that has been severely underfunded over the years.

Background: The Safe Drinking Water Act

The American Water Works Association is committed to protecting both the environment and the public health. It is in this spirit that we support full implementation of the Safe Drinking Water Act (SDWA) to assure that public water supplies are free of contaminants that may cause health risks. The Act, as you know, is the basis for protecting public drinking water systems from harmful contaminants. Four years ago, Congress passed with virtually no opposition in either house, the 1986 Amendments to the original Act. The reauthorization, which requires drinking water quality and treatment regulations for 83 contaminants, also dictates that 25 new contaminants be regulated every three years. The Safe Drinking Water Act will come up for reauthorization again in 1991.

We ask that you provide the Office of Drinking Water sufficient funds for full implementation of the current and pending SDWA regulations. The 1986 SDWA Amendments set Drinking Water Program authorization levels at $170 million in FY87, $145 million in FY88, and $169 million annually in FY89, FY90 and FY91. Unfortunately, SDWA appropriations have never come close to these authorization levels ($103 million in FY87, $107 million in FY88, $108 million in FY89, $121 million in FY90 and $133 million requested for FY91). EPA has conservatively estimated the national capital cost of implementing the regulations for the original 83 contaminants at roughly $10 billion. After next year's reauthorization, there will be an even greater need for funding well beyond what the state agencies should now be receiving.

For fiscal year 1991, the 10 percent proposed increase for EPA's drinking water program would result in an extra $12 million for a total budget of $133 million. However, the bulk of this "extra" $12 million goes to increase state program grants, while funding for the equally important rural water training and technical assistance programs would be reduced by 79 percent.

We request that EPA be provided the following appropriations:

State Program Assistance

ASDWA, the Association of State Drinking Water Administrators, has testified in recent years that of the $95 million currently spent by state drinking water programs, $64 million, or 68 percent, is committed by state legislators through direct appropriations or various drinking water program fees and revenue production measures. EPA funds the remaining amount, approximately $31 million or 32 percent, in annual program grants.

Despite this Federal/State funding imbalance, EPA asserts in its Drinking Water Program request that the states must do even more in coming years to meet the new challenges of the Safe Drinking Water Act Amendments. According to EPA, the states will need to spend an additional $180 million through 1992 for start-up costs to implement new drinking water standards and $150 million annually thereafter to comply with the regulations.

We agree with EPA that the states are the responsible party for carrying out Federal drinking water mandates. The states possess the expertise, particularly in the areas of sampling and testing for small systems. After Indiana assumes primacy in 1991, Wyoming will stand alone as the only state without PRIMACY. Unfortunately, the states are not the governmental entities with the resources to dedicate an extra $180 million in FY92 and $150 million in following years.

EPA describes fiscal year 1991 as a "turning point" for state drinking water programs. Confronting implementation of the first major risk - reduction provisions, the states will begin to enforce new monitoring requirements affecting all 200,000 plus public water systems. Again, AWWA agrees with the magnitude of this challenge as stated by EPA. We do not, however, share EPA's view that the states will be able to totally fund this effort.

Unless Congress finds a way in the appropriations process to support states with these needs, the burden on already strained local resources will prevent states from doing the things required by EPA to retain PRIMACY. More importantly, public health may be compromised. Several ASDWA state administrators have indicated they will not adopt rules such as lead and copper because they question whether they can implement the new rules properly.

As a minimum, AWWA requests a $10 million increase over the Administration's request for state grants. To equitably increase Federal responsibility and offset inflation and previous funding shortfalls, we support ASDWA's request that Federal grants increase from current funding levels to approximately 93.45 million by fiscal year 1992. ASDWA and AWWA recommend an increase of $19.5 million in fiscal year 1991 above the Administration's request and an additional increase of $26.5 million in fiscal year 1992. This would result in the Federal share rising from its current level of 32 percent of total funding to approximately 50 percent. The original Safe Drinking Water Act authorizes the Federal government to provide up to 75 percent of the costs of the states' drinking water programs. Contrary to EPA's assertion that the states need to do more, it is clear that the states have historically shouldered the largest portion of the funding burden.

Again, Mr. Chairman, we recognize the pressure you and your Subcommittee face in trying to fund the ever-increasing number of federal mandates against trillion dollar deficits. However, we respectfully submit to you that the Drinking Water Program has borne its brunt of deficit reduction over the years, and we hope you will make this program a top Federal spending priority within EPA.

Training and Technical Assistance to Small Water Systems

To further support state PRIMACY activities and provide insurance for the safety of the nation's public water supplies, AWWA requests the fullest possible funding of the $10 million authorized under Section 1442(g) of the 1986 Safe Drinking Water

Act Amendments for small system technical assistance. These funds are needed in addition to state grants and must not be provided at the expense of other existing environmental grant programs.

Last year this Subcommittee appropriated for FY90 the largest single increase (from $2.7 million to $3.3 million) in the rural water training and technical assistance program. This was money well spent, as the National Rural Water Association provides technical assistance to 8,500 small community systems participating in the program. This program is essential to bring small systems into compliance with the Safe Drinking Water Act. If the public is asked to spend billions of dollars on protecting drinking water supplies, proper operation of these public water supplies must be guaranteed through adequately trained operators and technical assistance programs that give hands on help to small systems. The water industry must continue to ensure high quality drinking water to all people with adequate funding support for grass roots technical assistance.

Technical training and educational assistance will require pulling together all the fragmented efforts at the state level to ensure availability of state-of-the-art instructional materials. AWWA is currently working with the State Administrators and Rural Water Systems to establish a program to meet these training and educational challenges. We plan to support a funding request that may be placed before this Subcommittee at this time next year.

Research and Development

Under the Administration's request, EPA's drinking water research budget would increase a modest $1.1 million from FY90 levels. Of all the research media programs scheduled for increase in EPA's Research and Development budget, drinking water comes in the lowest at 5 percent. In view of the extensive basic health effects research required by the Safe Drinking Water Act, we believe that a funding level above what is proposed in the Administration's request needs to be dedicated specifically for this purpose.

Our affiliate organization, the American Water Works Association Research Foundation, runs an outstanding voluntarily funded R & D program. But they have all they can handle with applied and technical research to help utilities implement the regulations. In our opinion, basic health effects research belongs with the Federal government, and more federal funding needs to be appropriated. Regulations to protect public health from individual contaminants in drinking water must be based on sound science, which can only be assured by adequate research. Without sound science, we cannot be sure that the highest priority contaminants are being regulated.

Lead

Last year in conference committee this Subcommittee retained $3 million for lead-based paint studies and support, but dropped $10 million for public water system state grants to reduce lead exposure to children from school fountains and other high risk sources. This greatly concerned us, especially since no funds were appropriated the previous fiscal year for the Lead Contamination Control Act of 1988.

The 1988 lead law authorizes $90 million over three years at $30 million a year for grants to states to help schools identify and eliminate lead from their drinking water. An additional $66 million is authorized over the three years for state grants to local programs to screen children for elevated levels of lead in their blood.

We urge the fullest possible funding for this vital program, which is now in its final year of authorization. Our nation's school systems cannot implement this vital program without funding support.

Groundwater Protection

The water industry believes that protection of groundwater resources through state wellhead protection programs is an important step in protecting public health. AWWA fully supports EPA's current efforts to implement Section 1428 of the Safe Drinking Water Act and an appropriation of funds to the states under Section 1443(b). Federal support is needed if state wellhead protection programs are to be successful across the nation. Some 30 states have now submitted wellhead protection programs to EPA for review and approval, and it is likely that more states will apply for assistance should grant funds for wellhead protection be approved.

The Administration requests $10.5 million for groundwater protection, a $2 million increase over last year's request. Since this program establishes an important role for the Federal government in groundwater protection, we ask that you provide these funds and appropriate monies at or near the $20 million annual authorization level for the wellhead protection program.

This concludes our funding request for FY 1991. We urge you to increase the Office of Drinking Water's budget and provide the requested funding levels for the programs discussed. Full implementation of Federal mandates will continue to depend on whether there is adequate Federal money to provide leadership and incentive for state participation.

Thank you for this opportunity to present our views. I would be happy to address any questions or comments that you may have.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

G. WADE MILLER, ASSOCIATION OF STATE DRINKING WATER ADMINISTRATORS

Mr. STOKES. Our next witness, Mr. G. Wade Miller, representing the Association of State Drinking Water Administrators.

Mr. Miller, we are pleased to welcome you here this morning; and we will insert in the record your full formal testimony. You may proceed.

Mr. MILLER. Thank you, Mr. Chairman.

I am the Executive Director of the Association of State Drinking Water Administrators. My plight here is to present the Association's testimony here today, which will focus on state concerns regarding implementation of the Safe Drinking Water Act amendments and the need for additional Federal funding in the state drinking water programs.

ASDWA is a professional association representing a collective interest of state drinking water programs, all 57 states and territories that are members of our association.

As you know, Congress enacted the Safe Drinking Water Act amendments unanimously in 1986. In the Act, Congress mandated that 83 drinking water contaminants be regulated by 1989, with an additional 25 contaminants regulated every three years thereafter.

In addition to the 1983 contaminants, Congress mandated that regulations be developed for unfiltered surface supplies and disinfectant rural public water systems.

To comply with these congressional mandates, EPA is developing and promulgating nine major regulatory packages.

In addition to the rules covering specific contaminants, the EPA has already promulgated regulations on the ban of lead materials in water systems, and public notification of state primacy requirements.

And as Mr. Snider noted, Congress enacted the Lead Contamination Control Act, which also is implemented by the state drinking water programs.

When all the rules are promulgated, they are going to represent a huge increased work load for state programs. And just to put this work load in perspective, consider that during the six-year period from 1986 to 1992, EPA will promulgate more rules covering more contaminants, well over a hundred, than have been established in the entire 214 year history of our republic.

To date, EPA has promulgated regulations for volatile organic chemicals and surface water treatment, but in fiscal year 1991, EPA will promulgate four more proposed comprehensive rules.

Each new rule will require substantial additional resources for state implementation. According to a 1989 study conducted jointly by our association and the EPA's Office of Drinking Water, the states will need an additional $180 million in one-time start-up costs between 1987 and 1992, to implement new regulations.

After all regulations are promulgated and adopted, the states will need an additional $150 million annually to properly implement these regulations.

This amount is over and above the resources currently available to state programs. Mr. Snider mentioned state primacy. That is certainly one of the major issues facing both the states and the EPA in 1990.

Without an influx of additional Federal funds, a number of states will consider returning primacy to EPA over the next two to three years. A more likely scenario is that the EPA will be forced to take primacy from states, which cannot carry out the basic elements of a primacy program.

This threat of state loss of primacy is not to be taken lightly. Only 38 states have adopted the rules covering volatile organic chemicals, 14 months after the statutory 18-month period for adoption has passed.

This trend will probably continue, and I foresee that adoption of regulation at the state level is going to be strung out over time to the point where no one will be quite sure who has primary enforcement responsibilities.

This situation will not bode well for anyone, especially the consuming public. To avoid a primacy crisis and more importantly, to ensure protection of the public health against waterborne disease outbreaks, ASDWA requests that the Congress provide additional resources.

Although Congress is authorized to fund up to 75 percent of the cost of state drinking water programs, the federal share currently stands at about 32 percent.

States would like to see the Federal share increased to at least 50 percent. For the last three years, our association's request to this subcommittee has been consistent.

In 1988, we asked that the Congress appropriate an additional $15 million each year for four consecutive fiscal years. This would have served to increase the total federal share of 93.45 million.

The reality is that appropriations have increased by only $7 million, not $30, in the past two years. Our funding request in fiscal year 1991 remains consistent. ASDWA requests an additional 19.5 million dollars be appropriated for PWSS programs over and above the Administration's request of $47.45 million.

Mr. Chairman, this may seem like an unrealistic request when viewed in the context of congressional budget balancing. But we believe that to make any lesser request would be unrealistic if the states are to have any hope of providing the level of public health protection for the American people envisioned by the Congress when it passed the Safe Drinking Water Act amendments in 1986.

We appreciate the opportunity to present our views to you, and we appreciate your consideration of our funding request.

Mr. Stokes. Thank you Mr. Miller. We appreciate your testimony, and we appreciate very much your being here.

Mr. Miller. Thank you.

[The statement of Mr. Miller follows:]

TESTIMONY OF

The Association of State Drinking Water Administrators

Before the:

Subcommittee on VA, HUD, and Independent Agencies
Committee on Appropriations
United States House of Representatives

Presented by:

G. Wade Miller, Executive Director
Association of State Drinking Water Administrators

May 1, 1990

FEDERAL ASSISTANCE FOR STATE PUBLIC WATER SUPPLY SUPERVISION PROGRAMS

I. INTRODUCTION

The Association of State Drinking Water Administrators (ASDWA) is the professional association that represents the collective interests of state drinking water programs. In its short history, ASDWA has become a respected voice in communicating the views of state primacy agents to the Congress, the Environmental Protection Agency (EPA), and other professional organizations. ASDWA's primary mission is the protection of public health through effective management of state water supply programs and implementation of the Safe Drinking Water Act Amendments (SDWA) of 1986. To accomplish this mission, the Association provides vital communication, coordination, and information transfer services between state programs and EPA, the Congress, and other national organizations.

State drinking water programs regulate approximately 204,000 public water supplies nationwide serving 219 million people. All 57 states and territories are members of ASDWA; virtually all states and territories actively support the Association through dues payment and/or participation in ASDWA activities.

II. RESOURCE NEEDS

State drinking water programs need a large infusion of funds over the next three years if they are to implement the regulations being developed and promulgated by EPA in response to mandates contained in the SDWA Amendments of 1986. A recent study of state implementation costs, jointly undertaken by ASDWA and the EPA's Office of Drinking Water, revealed that states will need $180 million in one time start-up costs between now and 1992. After all regulations are promulgated and adopted, states will need an additional $150 million annually to properly implement and enforce these regulations. This amount is over and above the resources currently being expended annually by state programs.

Since 1988, ASDWA has consistently requested that Congress appropriate at least an additional $15 million each year for state public water supply supervision (PWSS) programs with the goal that by 1992, Congress will have appropriated approximately $93.45 million for state programs. In reality, state programs received a zero increase in funds from Congress in FY-89; in FY-90, state drinking water programs received only a $7 million increase. This $7 million was "discounted," by the Gramm-Rudman sequestration and the "war on drugs" allocation. As a result, state drinking water programs find themselves in a position of needing a large infusion of funds in FY-91 and FY-92 in order to "keep up" with vital SDWA implementation requirements contained in a plethora of EPA-developed regulations.

It is ASDWA's firm belief that, to adequately meet increasing responsibilities, the funding level for PWSS grants must be increased from its current level of $40.45 million in FY-90 to $93.45 million in 1992. This will require an increase of $19.5 million above the Administration's request in FY-91 for a total of $66.95 million, followed by an increase of $26.5 million in FY-92.

III. CURRENT STATUS OF SDWA AMENDMENTS OF 1986

Under the SDWA Amendments, EPA was mandated to promulgate regulatory packages covering volatile organic chemicals (VOCs), microbiological organisms, inorganic chemicals, radionuclides, pesticides and herbicides, disinfection by-products, treatment of surface water systems, and disinfection of groundwater. These new regulatory packages will have significant impacts on the 58,000 community water systems presently being regulated. As a result of having been reclassified, an additional 20,000 non-transient non-community water systems (NTNCWS) will demand greatly increased attention from the states. These NTNCWS have heretofore not been subject to many regulations, but now will be subject to a host of new requirements. In addition, 126,000 non-community systems such as highway rest areas, restaurants, and campgrounds which received limited regulation in the past will now be required to comply with many of the same requirements as other regulated systems.

To date, EPA has promulgated regulations for VOCs, total coliforms, and surface water treatment. The ASDWA/EPA Resource Needs Survey indicates that these three rules alone will require initial state implementation costs of $76 million with additional annual costs of implementation of $49 million (This is above the over $95 million currently being expended by state programs).

In FY-91, EPA will promulgate or propose four more regulatory packages; lead and copper, Phase II inorganics and organics; Phase V inorganics and organics; and radionuclides. Initial implementation costs for these four rules are expected to amount to $88 to $100 million. Additional annual costs for implementation are expected to be more than $68 million.

The costs of implementation and enforcement of these new regulations is staggering. It is estimated that the regulation of radon alone will place 25-50 percent of the nation's water supplies out of compliance. The simple fact is that state programs can no longer bear the majority of the resource burden. FY-91 is indeed a "year-in-transition" as EPA termed it in its FY-91 budget package. The ability of state programs to effectively implement the goals of the SDWA Amendments in the future will be largely dependent on the magnitude of resources received in the next two years. Public opinion has never been more supportive of drinking water and public health protection. If the states do not obtain needed resources, public health will likely be compromised and the states will be forced to play "catch-up" throughout the decade of the '90s.

IV. PRIMACY

One of the key mechanisms through which the goals of the SDWA Amendments are achieved is through state primacy agreements (i.e., delegation of enforcement authority). Forty-eight of the 50 states currently have primacy. Through primacy agreements, states carry out the Congressional mandate by implementing and enforcing Federal laws related to drinking water and monitoring system compliance.

State primacy programs, however, perform many additional valuable services which contribute significantly to public health protection. They provide engineering plan review for construction of wells and water treatment plants. They provide analytical laboratory services and operate laboratory certification programs. They provide technical assistance, consumer outreach and risk communication, respond to emergencies, and investigate incidences of disease outbreak. States also conduct sanitary surveys, provide operator training, and certify water plant operators. All these activities and more are part of state primacy programs, 68 percent of which is paid for by state general funds, fees, and assessments. Without state primacy, EPA will be forced to conduct their own drinking water programs using Federal funds. Experience has shown that these Federal programs are far less comprehensive and effective than state programs and do not provide the same level of public health protection.

The threat of state loss of primacy is not to be taken lightly. Only 36 states have adopted the VOC rules 14 months after the statutory 18 month period for adoption has passed. This trend is likely to continue as an increasing number of states have indicated they will not adopt rules which are not implementable such as the lead and copper rule. Other states have indicated that they will not adopt regulations which cannot be implemented with current resources. The questions Congress should be asking itself are, "Can we (the Federal Government) really afford to take back primacy?" and, "Under which scenario is protection of public health more effectively provided?"

V. ISSUES NOW BEING CONFRONTED BY THE STATES

State programs are now faced with the reality of implementing the SDWA Amendments of 1986. States are being barraged with a lexicon of new terms and ideas such as vulnerability assessments, site sampling plans, waivers, unregulated contaminants, practical quantitation limits, viability screening, mobilization, and Super Best Available Technolcgies. States are also faced with making difficult decisions on how to conduct compliance monitoring activities. The states which have, in the past, collected and paid for all compliance monitoring are now reassessing this policy in light of limited resources and the dramatic increase in the number of contaminants for which monitoring will be required. By 1992, the number of regulated contaminants will have increased from 22 to more than 100. In fact, more drinking water regulations will be promulgated during the six year period 1986-1992 than in the entire history of the United States.

Most states are also spending limited resources to install or improve data management systems to handle the massive increase in system and sample reporting and to track the large volume of violations and enforcement actions expected as a result of the increased regulatory requirements. Many states, which previously tracked requirements with manual reporting and hard copies, now find themselves in need of computers and computer programmers to efficiently track complicated check sample requirements, maintain Federal reporting information, and track compliance status in addition to maintaining a plethora of other Federally mandated information.

Additional funding will also be necessary for states to hire staff to monitor the large volume of non-transient non-community and non-community water systems which will now be regulated more stringently under the Amendments. States will need to hire hydrogeologists and additional engineers and scientists to conduct comprehensive vulnerability assessments, determine surface influenced groundwater systems, assess adequacy of surface water treatment plants, and make a multitude of other compliance decisions covering very complex issues. Additional staff will also be needed for technical assistance programs to assist small systems, many of which have little to no resource base from which to provide additional treatment or to pay for the thousands of dollars of water sample analyses which will be a function of complying with the Amendments.

VI. TRAINING

Training will be a significant issue for states and large and small utilities throughout the 1990s. If the SDWA Amendments are to be implemented in a timely and appropriate manner, there will be an influx of new personnel at both the state and local levels. These new engineers, sanitarians, data management experts, and chemists must all receive proper training.

States also need additional resources to provide training for state employees and for technical assistance activities designed to familiarize small systems with the new regulations and to assist them in achieving and maintaining compliance. Adequate training in regulation implementation is especially important today since many of the new rules are complex and interrelationships between several rule packages exist. If additional resources are made available, states will need to train new personnel in all aspects of the drinking water program.

Further exacerbating the training problem is the out-migration of skilled personnel who are leaving state and local governments to work for consulting firms or other governmental entities.

Because training is deemed to be such a critical issue, three organizations -- ASDWA, the American Water Works Association, and the National Rural Water Association -- have joined together to form a National Drinking Water Training Coalition. The mission of the coalition will be to endeavor to ensure that training is carried out in an effective and efficient manner and that scarce resources are used properly.

VII. PUBLIC HEALTH PROTECTION

The goal of the SDWA Amendments, which was passed unanimously by Congress in 1986, is to ensure that every man, woman, and child in the United States who uses a public water supply is guaranteed safe, potable drinking water. This is a goal which all state drinking water programs strive to achieve, but fall short of due to insufficient resources. This situation will only be exacerbated as more regulations become effective.

VIII. WHO WILL PAY?

The bottom line is who will provide the additional resources needed for states to conduct business under the SDWA Amendments. The reality of the situation indicates it will not be the states. As the jointly funded ASDWA and EPA project clearly showed, states are already paying 68 percent of national drinking water program costs. Governors and state legislators are not likely to appropriate additional funds to implement the plethora of complex and administratively burdensome regulations now being developed.

Ultimately, it is the consumers who will pay directly for this program as water rates continue to rise. However, an urgent need exists today for Congress to provide the resources necessary for state programs to fund the regulatory machinery and to implement and enforce the regulations being developed by EPA. Although Congress is authorized to fund up to 75 percent of the costs of drinking water programs, ASDWA is only requesting that Congress meet the states halfway by appropriating $66.95 million in FY-91 and $93.45 million in FY-92. Together, the states and Congress may yet achieve the goals of public health protection envisioned by the

Congress when it unanimously passed the Safe Drinking Water Act Amendments of 1986.

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ASDWA appreciates the opportunity to present its views to the Subcommittee. The Association also appreciates the Subcommittee's consideration of our funding requests.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

DAVID DICKSON, THE IZAAK WALTON LEAGUE OF AMERICA

Mr. STOKES. The next witness is Mr. David Dickson.

Mr. Dickson, we are pleased to have you here this morning, you are appearing on behalf of the Izaak Walton League of America.

We will put into the record the full text of your formal statement.

Mr. DICKSON. Thank you, Mr. Chairman, Mr. Coughlin.

My name is David Dickson, and I am testifying on behalf of the members of the Izaak Walton League of America.

We appreciate this opportunity to present our views and urge the committee to provide increased funding for the U.S. Environmental Protection Agency in fiscal year 1991.

We are concerned about EPA's budget and funding for water quality programs in particular.

Before I go on, Mr. Chairman, we would like to express our deep appreciation for the increases that the subcommittee provided last year, including first time funding for the nonpoint source pollution program, a 14 percent increase in the operating budget before sequestration and other budget cuts.

This morning, I would like to focus on water funding programs for nonpoint source pollution control. While we are extremely troubled about the President's proposed cuts in a number of water quality programs, including nonpoint source pollution, clean lakes and construction grants.

We are pleased with proposed increases in other areas. For example, we support the President's proposed increase in water quality enforcement, wetlands protection, Section 106 water quality management grants, coastal environmental management, and we urge the committee to provide for these increases.

Increased funding for nonpoint source pollution control cost share grants under Section 319 of the Clean Water Act is our highest priority.

Nonpoint source pollution, contaminated runoff and groundwater discharge is the single largest threat to our Nation's waters.

EPA and the states estimate that this most pervasive of water quality problems is the leading cause of nonattainment of water quality standards in the Nation today. Last year, this committee lead the way by providing $37 million for this program in the current fiscal year.

With these initial cost share grants, the states are beginning implementation of their EPA approved nonpoint source management programs under Section 319.

In order for the states to build upon the progress that is being made in the current fiscal year and to fully establish these programs within their overall water quality management schemes, they will need a substantial increase in cost share grants under Section 319 for the next fiscal year.

But rather than provide for the needed increase, the Administration requested only $14.3 million, a cut of more than 60 percent. Such a proposed cut makes it extremely difficult for the states to plan to merely sustain their current level of effort, let alone to provide for needed growth in this program.

We believe that the states will be able to utilize an appropriation of between $70 and $90 million next year, and we urge that at a minimum, the subcommittee provide that amount if it's unable to provide the full authorization that we have recommended in our written statement.

In closing, Mr. Chairman, I would like to mention that just last week the Nation and indeed the world, celebrated the 20th Anniversary of Earth Day. The underlying theme of all the activities involved in that celebration was a renewal of our collective commitment to protection of the environment.

We urge this subcommittee to help renew the Federal Government's commitment to the environment by providing substantial increases in the operating budget and in water quality programs.

In making these recommendations and those contained in our written statement, we are mindful of the constraints faced by the subcommittee and realize that much depends on the the size of the 302B allocation the committee will receive.

We are working with other parties interested in programs funded by the subcommittee to achieve the largest possible allocation.

However, regardless of size of the allocation, we urge the committee in this 20th Anniversary year of Earth Day to place a very high priority on funding for the EPA when it allocates its available funds among all of the important domestic programs the subcommittee supports.

Thank you for your continued support of clean water and this opportunity to present our views.

Mr. **Stokes**. Thank you very much, Mr. Dickson.

We appreciate very much your understanding of the 302B allocation system, and so we will do the best we can.

Thank you.

[The statement of Mr. Dickson follows:]

THE IZAAK WALTON LEAGUE OF AMERICA
Defenders of Soil, Air, Woods, Waters and Wildlife

Statement of
The Izaak Walton League of America
Before
The Subcommittee on VA, HUD and Independent Agencies
House Appropriations Committee

May 2, 1990

Presented by David Dickson

Mr. Chairman and Members of the Committee my name is David Dickson and I am testifying on behalf of the members of the Izaak Walton League of America. We appreciate this opportunity to present our views and urge the committee to provide increased funding for the U.S. Environmental Protection Agency (EPA) in Fiscal Year 1991 (FY91). In particular we are concerned about funding for water quality programs authorized by the Clean Water Act and administered by the agency and the states.

The Izaak Walton League of America is a national nonprofit membership based organization dedicated to the protection and restoration of America's natural resource heritage for the benefit of both present and future generations. The League has over 50,000 members in 400 chapters nationwide. For more than sixty-eight years the protection and restoration of the nation's water quality has been a top priority for the League and remains so today.

EPA's Operating Budget

Just last week the nation, and indeed the world, celebrated the twentieth anniversary of Earth Day. The underlying theme of all the activities involved in that celebration was a renewal of our collective commitment to the protection of the environment. We urge this committee to help renew the federal commitment to environmental protection by restoring EPA's ability to fulfill its mandate. This can be accomplished by restoring the agency's operating budget to a level that allows it to carry out the responsibilities Congress has given it. In the early 1980's, EPA's operating programs--those responsible for research, monitoring standards-setting, permitting, oversight and enforcement--suffered tremendous budget cuts and the resulting loss of personnel. While much to the credit of this committee, gains have been made in recent years, the Agency's operating

National Office: 1401 Wilson Boulevard, Level B, Arlington, Virginia 22209 • Phone 703-528-1818
Regional Office: 6601 Auto Club Road, Minneapolis, Minnesota 55438 • Phone 612-941-6654

budget is currently about the same as it was in 1979, before Congress doubled the agency's workload with the enactment of several much needed environmental statutes.

To his credit President Bush has requested that the agency's operating budget be increased by 12 percent in the next fiscal year. However, this proposed increase is from last years funding levels and does not account for inflation. In addition, it is otherwise far short of what is needed. In January of this year, the environmental community urged Congress increase the operating budget by a full 25 percent in FY91--as the first step in the phased restoration of the agency's budget. This recommendation tracks closely with that the community included in Blueprint for the Environment, a package of environmental policy proposals it put forth to the then new administration in November of 1988.

We believe that EPA's overall operating budget for FY91 should be approximately $2.9 billion. This figure reflects the 25 percent increase over the current year appropriation, includes approximately $400 million to implement the pending Clean Air Act amendments and proposed increases in nonpoint source pollution control grants under Section 319 of the Clean Water Act.

In making this recommendation and those listed below, we are mindful of the constraints faced by the subcommittee and realize that much depends upon the size of the 302(b) allocation the committee will receive. We are working with other parties interested in the programs funded by this subcommittee to achieve the largest possible allocation. However, regardless of the size of the allocation, we urge the committee, in this the twentieth anniversary year of Earth Day, to place a very high priority on funding for EPA when it allocates its available funds among all of the important programs it supports.

Water Quality Programs

While we are deeply concerned about the president's proposed cuts in funding for a number of programs including nonpoint source pollution, clean lakes, and Construction Grants, we are pleased with proposed increases in other programs. For example, we support the president's proposed increases for water quality enforcement, wetland protection and coastal environment protection. We urge the committee to provide for those increases.

What follows are recommendations to fill the resource needs for specific programs.

Nonpoint Source Pollution Control Grants (Sec. 319)--$130 Million

Increased funding for Section 319 is our highest priority. Nonpoint source pollution, contaminated runoff and groundwater discharge, is the single largest threat to our nation's waters. EPA and the states have estimated that this most pervasive of water quality problems is the leading cause of the nonattainment of water quality standards in the nation's surface waters today.

Last year this committee led the way in providing first time funding (over $37 million after sequestration) for this program in the current fiscal year. With these initial cost-share grants the states are beginning the implementation of their EPA approved nonpoint source management programs under Section 319. In order for the states to build on the progress that is being made in the current fiscal year, and to fully establish these programs within their overall water quality management schemes, they will need to receive a substantial increase in grants under Section 319. Many states could have utilized much greater funding for this program in the current fiscal year. In addition, increased funds are necessary to offset the loss of set-asides previously available through the Construction Grants Program.

Rather than provide for the needed increase, the administration, by requesting only $14.3 million, has proposed a cut of more than sixty percent for next year. Such a proposed cut makes it extremely difficult for the states to plan for merely sustaining their current level of effort let alone to provide needed growth.

In requesting that the committee provide the fully authorized level of $130 million, we are aware that the states may not be able to utilize that level of funding in terms matching cost shares. Indeed, we believe that the states would be able to utilize an appropriation of between $70 and $90 million next year. However, we are concerned that the authorization for this program will expire after FY91 and that there may be no authority to continue appropriations in FY92. Legislation has been introduced to reauthorize the program, but it is possible that Congress may not complete action before the authorization expires. Therefore, as Section 319(j) states that funds appropriated but not expended shall remain available, we view any funds not utilized by the states in FY91 as a contingency should the program not be reauthorized before FY92.

Construction Grants/State Revolving Funds--$2.4 billion

In light of the tremendous remaining need for the construction of sewage treatment facilities, and the authorized phase out of federal assistance to meet that need, we recommend full funding for the State Revolving Fund Program. The administration's request of only $1.6 billion is a proposed cut in funding for sewage treatment construction of $400 million below current levels. At a minimum, we recommend that the program be funded at the current baseline level.

Water Quality Management Grants (Section 106)--$81.7 Million

We concur with the president's request for these grants to the states. The Clean Water Act rightfully gives the states many responsibilities for planning, enforcement, permitting, standards-setting and monitoring. Section 106 Water Quality Management grants in part help the states to fund their programs to meet these responsibilities. The Association of State and Interstate Water Pollution Control Administrators estimates that the Water Quality Act of 1987 doubled these responsibilities. Last year the committee appropriated $73.5 million of the $75 authorized for these grants. This year the Administration has requested $81.7 million. We agree with this request, recognizing that this amount is above the authorization for the program. The additional funds will help to partially offset the loss of set-aside funds previously available to the states in the Construction Grants Program.

Water Quality Cooperative Agreements--$16.5 Million

We also concur with the administration's request to provide $16.5 million to the states under Section 104(b)(3) of the Clean Water Act. The administration has requested this funding as another means to partially offset the loss of funds resulting from the termination of the Construction Grants Program and its associated set-asides.

Water Quality Enforcement--$27.9 Million

Key to the effectiveness of our ability to protect and restore America's water quality is EPA's ability to enforce the requirements of the Clean Water Act. We agree with the administration's request for the enforcement program as it represents an increase of 28 percent over current levels.

Great Lakes Program--$15.9 Million

The restoration of water quality of the Great Lakes is tremendously important to our members, many of the whom are actively involved in a number of efforts to achieve that goal. The administration has requested $12.2 million for the Great Lakes program in FY91. We recommend that the committee provide full funding of $15.9 million for this program.

The Chesapeake Bay Program--$13 Million

Chesapeake Bay is the nation's largest and historically the most productive estuary. It has been singled out for special effort by both the past administration and Congress in the Water Quality Act of 1987. The administration has requested $12.2 million for FY91. Last year Congress provided over $12.8 million. We ask the committee to fully fund the program in FY91 at a level of $13 million.

Coastal Environment Management and the National Estuaries Program--$34.9 Million

We support the administration's request for these programs and urge the committee to provide for $34.9 million. A portion of these funds supports The National Estuaries Program authorized under Section 320 of the Clean Water Act by the 1987 amendments. This program is extremely important in that estuaries are among the most productive of the nation's waters and as well as the most threatened, receiving pollutants carried downstream from inland sources. The program seeks to restore specific national priority estuaries through the cooperative efforts of all levels of government.

In addition, EPA's Near Coastal Waters initiative is aimed at protecting major coastal pollution problems as well as supporting the implementation of Great Lakes Remedial Action Plans and Lakewide Management Plans.

Clean Lakes Program--$15 Million

America's publicly owned lakes are vital to outdoor recreation and are a resource important to our members. The Clean Lakes Program, authorized by Section 314 of the Clean Water Act, is critical to protecting and restoring lake water quality. The program helps assess and remedy problems such as siltation, eutrophication, toxic pollution and acidification of lakes across the nation. The administration has requested no funds for this program which carries an authorization of $30 million. Last year Congress provided $9 million and we urge the committee to provide $15 million in FY91.

Well Head Protection--$8 Million

In addition to funding for surface water quality programs, we are also concerned about protecting the nation's groundwater resources and support implementation of the Well Head Protection Program authorized under the Safe Drinking Water Act. The administration has requested no funds for this program nor has it ever been funded by Congress. The program has an authorization of $35 million in FY91. We urge the committee to provide $8 million.

In closing, we would like to again urge that funding for all of the environmental protection programs administered by EPA and the states be placed high on the subcommittee's list of funding priorities for FY91. In addition, we thank you for your continued support of clean water and for this opportunity to present our views.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

EDWARD KRESS, KRESS CORP.

Mr. STOKES. Our next witness this morning will be Mr. Edward Kress of Kress Corporation.

Mr. Kress, we are pleased to have you with us this morning, and we will insert into the record the full text of your formal statement, and you may proceed as you like.

Mr. KRESS. Thank you for the opportunity to allow me to appear before you.

As you know, my name is Edward Kress, and I am President of the Kress Corporation in Brimfield, Illinois, just outside of Peoria.

We specialize in the design, engineering and fabrication of industrial equipment for steel mills, the mines and earthmoving. We have been in business since 1965, and employ about 140 people.

We have developed many innovative systems for these industries with which we serve. The system that we are presently developing for the environmental control system is the KIDC system, which is Kress Indirect Dry Cooling system.

The first installation of this system will be on two coke ovens at the Bethlehem Steel Corporation's Sparrows Point plant. Specifically, KIDC is an environmentally advanced system which effectively eliminates all pushing and quenching emissions from the coking process.

For those not familiar with steel making, coking is a step in the production cycle which converts coal to blast furnace coke, as both a fuel and reducing agent.

With congressional and national attention focused on the amendments to the Clean Air Act, this new system represents an opportunity to address a segment of the most environmentally troubling process in the steel making production cycle.

Clearly, this demonstration of this advanced coke pushing emissions and control system is highly appropriate at this time. Since the system has the potential to significantly reduce particulate matter emission, Congress has appropriated $2.5 million for fiscal year 1990, which we appreciate.

This initiates the government industry project to demonstrate this system. Joint participation will significantly help to launch this system and permit faster commercialization.

The project is to be cost shared at an approximate 30 percent federal, 70 percent industrial rate. The total Federal cost share is anticipated to be $86 million, with $3.5 million to be appropriated in fiscal year 1991.

EPA and Bethlehem are both working diligently to sign a contract by June 1990. There are no major obstacles or outstanding issues delaying negotiations. Rather, it's the normal procurement process which has precluded an earlier signing.

As the project is already underway, precontract costs will be allocated by EPA, not an untypical situation. The project is basically on schedule. All of the permanent structures are completed or nearing completion. The mobile equipment is not currently onsite, but will be tested in our facility in Brimfield rather than onsite.

This should not, however, alter the basic project schedule. If the technology proves successful, there is a potential to install it at a number of coke ovens in approximately 12 states, the largest concentration being in Indiana, Ohio, Pennsylvania, and Alabama.

This technology, we believe, is the next generation of pushing and quenching of emission control systems which combine environmental energy and operating benefits.

In conclusion, we request that this project receive the full funding of the $3.5 million for fiscal 1991, to complete the originally anticipated participation of $5 million by the government.

We appreciate your attention.

[The statement of Mr. Kress follows:]

Testimony on Behalf
of the
Kress Corporation
before the
Subcommittee on VA, HUD, and Independent Agencies
of the
Committee on Appropriations
U. S. House of Representatives
May 1, 1990
by
Edward Kress
President

Mr. Chairman and members of the Sub-Committee -- Thank you for allowing me to again appear before you. My name is Edward Kress and I am President of the Kress Corporation located in Brimfield, Illinois, just outside of Peoria. The Kress Corporation specializes in the design, engineering, and fabrication of material handling equipment for use in industries such as steel, mining, and earthmoving. Our Corporation has been in existence since 1965 and employs 120 people. Over the years, we have developed innovative equipment for the markets we serve.

One innovative system, currently under development, is the KIDC^R or the Kress Indirect Dry Cooling System. The first installation of this system will be on two coke oven batteries at Bethlehem Steel Corporation's Sparrows Point Plant. Specifically, KIDC is an environmentally advanced system which effectively eliminates all pushing and quenching emissions from the coking process. For those not familiar with the steelmaking process - coking is a step in the production cycle which converts bituminous coal into coke for use in the blast furnace as both a fuel and a reducing agent.

With Congressional and national attention focused on amendments to the Clean Air Act, this new system represents an opportunity to address a segment of the most environmentally troubling process in the steelmaking production cycle. Clearly, the demonstration of this advanced coke pushing emissions control system at this time is highly appropriate.

Since this system has the potential to significantly reduce particulate matter emissions, Congress appropriated $2.5 million for fiscal year 1990 to initiate a government/industry project to demonstrate the system. Joint participation will significantly help to launch this system and permit faster commercialization. The project is to be cost shared at an approximate 30% Federal, 70% industry rate. The total Federal cost share is anticipated to be $6 million -- with $3.5 million being appropriated in fiscal year 1991.

EPA and Bethlehem are both working diligently to sign a contract by June, 1990. There are no major obstacles or outstanding issues delaying negotiations -- rather it is the normal procurement process which has precluded an earlier signing. As the project is already underway, pre-contract costs will be allowed by EPA - a not untypical situation.

The project is basically on schedule. All of the permanent structures are completed or nearing completion. The mobile equipment is not currently on site but will be tested in our shop rather than on site. This should not, however, alter the basic project schedule.

If the technology proves successful, there is the potential for it to be installed at a number of domestic coke oven operations located in approximately 12 states -- the largest concentration being in Indiana, Ohio, Pennsylvania and Alabama. This technology, we believe, is the next generation of pushing and quenching emission control systems which combine environmental, energy, and operating benefits.

In conclusion, we request that this project receive final funding in the amount of $3.5 million for Fiscal Year 1991 to complete the originally anticipated participation of $6 million by the government.

Thank you for your attention and if there are any questions, I will gladly answer them.

Mr. STOKES. Thank you very much, Mr. Kress. Coming from Cleveland, Ohio, which, as you know, is one of the nations steel centers, not as much so as it used to be, but we still have some steel industry there, I am pretty familiar with this type of problem.

Mr. KRESS. We are working with LTV right now. They are waiting anxiously to try this test project now.

Mr. STOKES. I imagine they would be very interested in this. Well, this is a very interesting subject.

Mr. KRESS. The thing that is nice about it is that it is not only environmentally better than what is required by the EPA, because it would take care of quenching, as well as the pushing emissions. We also have got a new door handling system, which in other words means, we are really giving it environmentally sound advancements, plus we are commercially going to be able to make better coke and more coke. So this is going to be an advantage for all concerned.

Mr. STOKES. It is very interesting.

Mr. Coughlin?

Mr. COUGHLIN. Mr. Kress, are you applying for the $3.5 million under a generic EPA program for this, or is this a line-item demonstration?

Mr. KRESS. I really don't understand the subtleties for that.

Mr. COUGHLIN. Have you applied for this money?

Mr. KRESS. We have not applied to the EPA. We already have a grant that we are working on, a $5.5 million grant and we are trying to extend it to get the full $6.5 million. Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. STOKES. Certainly.

Mr. KRESS. Thank you.

Mr. STOKES. Thank you, Mr. Kress.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

STEVEN MEYER, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS, WASHINGTON, DC

Mr. STOKES. Our next witness, Mr. Steven Meyer, National Association of Conservation Districts.

Mr. MEYER. Good morning, Mr. Chairman.

Mr. STOKES. We are pleased to have you with us, and we will insert into the record the full context of your formal testimony, and you may proceed as you like.

Mr. MEYER. Thank you. I will try and quickly summarize my written testimony.

Again, I am Steven Meyer. I am the Director of Government Affairs for the National Association of Conservation Districts here in Washington.

A little background, districts are entities of state government that were organized almost 50 years ago to provide technical assistance to land users, so that as they utilized our natural resources, soil and water, they also have the technical means to protect them and make sure that we don't have degradation out there.

The specific recommendations and line items are in our testimony, and I am going to concentrate this morning talking about EPA nonpoint source pollution program as Mr. Dickson from the Izaak Walton League did.

I also want to thank this subcommittee for its effort in 1990. For the first time the subcommittee has provided money to the EPA in the realm of Section 319 grants. It has been a big boost to the program and is much appreciated.

Again, as you heard, nonpoint source is the largest constituent in water quality problem that we are facing in the country today.

When you take a look at it, the agricultural pollutants are the single largest constituent of nonpoint source, and those are our major constituent out in the countryside dealing with the agricultural land users. So that is our connection from the conservation districts, with nonpoint source.

Again, the 1987 amendments provided us with a very workable fund, work with the states to develop a management program to address nonpoint source programs, and also provided up to $400 million to be spent over the five-year period from 1987 to 1992 to be matched by state funds.

The state funds are moving ahead. The states have all their nonpoint source management programs ahead in place. They haven't waited for the federal funds to come down.

We recently did a survey of our state agencies that deal with agriculture and nonpoint source and conservation districts, and right now they are spending $130 million a year providing agricultural cost share to farmers. That is providing money so that farmers will take the best water quality management practices and put them in place as they are identified through the state nonpoint source program. That doesn't include the money that districts and states are spending on technical assistance.

We are also seeing other efforts. USDA started a program in the current fiscal year, actually it began in fiscal 1989, and are carrying it forward in 1990. The 1990 Farm Bill has been talking a lot about water quality in agriculture.

So I think nonpoint source is clearly becoming a priority, and how do we deal with that largest single constituent.

So we think now is the time to go ahead and build on the $40 million you provided last year, preGramm-Rudman, and go up to the authorization level of $100 million for fiscal year 1991.

We know that is going to be tough to do with the budget constraints, but we think that we need that money for two reasons. One, the EPA grants ensure cohesive national programs to make sure that the states are all headed in the same direction, and, two, we think it sends a very real signal on priorities.

State governments much like the Federal Government are faced with the same funding constraints, and if there is no signal from Washington that nonpoint source is a priority, we are faced with the very real possibility that money will no longer be spent on the state level.

The other thing I would just like to mention is that in our testimony, we mentioned several other programs besides 319, such as

Clean Lakes. These regional programs and special programs are an integral part of a national nonpoint source program, and we hope that you continue the funding of these programs.

We really think we need that, though, to send the correct signals so we can get a handle on nonpoint source and make some real progress to clean up the water in this country.

Mr. STOKES. Mr. Meyer, we thank you for your appearance and for your testimony before the subcommittee this morning. Appreciate it.

Mr. MEYER. Thank you.

[The statement of Mr. Meyer follows:]

The National Association of Conservation Districts

Statement on
Fiscal Year 1991 Federal Appropriations
for Programs of the Environmental Protection Agency

Before the
House Committee on Appropriations
Subcommittee on VA, HUD, and Independent Agencies

May 1, 1990

Mr. Chairman, members of the subcommittee, my name is Steven Meyer and I am Director of Governmental Affairs for the National Association of Conservation Districts. I appreciate the opportunity to testify today in support of federal appropriations for EPA's nonpoint source pollution abatement programs.

The following chart lists several of the EPA programs which relate to nonpoint source pollution control. NACD's recommended funding level for each is included.

ENVIRONMENTAL PROTECTION AGENCY NONPOINT SOURCE PROGRAMS

Program	FY90 FINAL APPROPRIATION	FY91 ADMINISTRATION PROPOSAL	FY91 NACD RECOMMENDED
	(In Millions)		
Water Quality Management (205j)	10.3	0	18.0
Clean Lakes Program	8.7	0	15.0
State Programs Grant (Sec. 106	72.6	81.7	75.0
Sec. 319 NPS Grants	38.9	14.3	100.0
Sec. 205 (j) (5)	10.3	0	18.0
Section 118 Great Lakes Phosphorus Reduction	12.2	12.2	21.5

All of these programs represent components of EPA's national strategy to combat nonpoint source pollution.

National Association of Conservation Districts
509 Capitol Court, NE, Washington, DC 20002
(202) 547-6223

Our association represents nearly 3,000 local conservation districts in this country and the more than 15,000 men and women who serve on their governing boards. Conservation districts are independent units of state government that are charged with coordinating and carrying out comprehensive, local natural resource management programs including forest and rangeland management, wetland protection and enhancement, agricultural and urban erosion and sediment control, wildlife and fish habitat management, and nonpoint source pollution abatement.

Pollution from nonpoint sources is an immensely complex issue which will require an extensive and coordinated federal, state, and local effort to resolve. The 1987 amendments to the Clean Water Act set forth the framework to addressing these problems in just such a manner. The Act directed the Environmental Protection Agency to work with states to assess their nonpoint problems and develop management programs to address them. The Act also authorized appropriations of $400 million in federal funds - with a 40% required state match - to develop and implement these programs over a four-year period.

Every state and jurisdiction in the nation has now developed its nonpoint management program and many have begun to implement them. The quandary we are in right now, however, is that states alone do not have the resources to carry out their programs fully. Nonetheless, states are doing what they can and have, in fact, made substantial progress in their efforts. For example, this year, through state conservation agencies and conservation districts, thirty-one states are providing some type of financial assistance to land users to help them address natural resource management problems. While almost all of these state-funded assistance programs have some positive impact on water quality, twenty-three are focused directly on agricultural nonpoint source pollution. These twenty-three state programs will provide over $130 million in cost share and other financial assistance to help land users install best management practices to mitigate agricultural nonpoint pollution. This total does not include technical assistance provided by states and districts to help install those practices.

In addition, I have also included with this statement a copy of the proceedings of a national conference on nonpoint source pollution sponsored by NACD a year ago. The case studies presented in the proceedings document some of the work already being carried out by state and local governments. Much of the policy discussion emphasizes the need to do more.

We were pleased this past year when Congress took the first step toward fulfilling its commitment of providing financial assistance to state nonpoint management programs. The $40 million appropriated for Section 319 in FY-1990 marked an important beginning in bringing together a fully coordinated federal-state-local nonpoint source pollution control endeavor. These funds, allocated primarily to highly targeted, priority watershed projects, are, however, only a small beginning. Far more support is needed to get the job done.

For these reasons, NACD urges this committee to provide full funding in the amount of $100 million for implementing Section 319 of the 1987 Water Quality Act. Even though this amount will not match the states' efforts, it will allow those states without ongoing programs an opportunity to begin. It will also complement and greatly strengthen existing state efforts. It would further send a strong signal to states and to the American public that the federal government is poised to move forward in protecting the nation's water resources.

In other areas involving nonpoint source pollution control, NACD recommends funding the Great Lakes Program (Section 118) at $21.5 million. This program has been instrumental in enhancing the water quality in the Great Lakes by reducing phosphorus loadings through the application of soil conservation and erosion control measures in the Lakes Basin. Other regional initiatives, although not specifically noted in our chart but which merit the attention of this committee, include noteworthy efforts such as the Chesapeake Bay and Puget Sound Programs and the emerging Gulf of Mexico initiative.

In closing, I would like to call your attention to the other EPA programs for which we have provided FY-1991 funding recommendations. Each of these programs represents an important element in our regional or national nonpoint source pollution control paradigm. I urge this committee's members to examine each of these items with great care.

The nonpoint source pollution problems we face pose a serious challenge. With federal resources to complement those of state and local government, we in the conservation district community are confident that we can deliver effective solutions.

Thank you for allowing us to share our views with you on this important subject.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

JOEL PACKER, NATIONAL EDUCATION ASSOCIATION

Mr. STOKES. Our next witness is Mr. Joel Packer of the National Education Association.

Good morning, Mr. Packer. We are pleased to have you appear before the committee. We will insert into the record the full text of your statement this morning.

Mr. PACKER. I am Joel Packer, a legislative specialist for the two million-member National Education Association, and I appreciate the opportunity to speak today about an issue that is vital to the future health of generations of America's students and school employees, environmental hazards in schools.

NEA strongly urges this subcommittee to recommend funding that fully meets authorized levels for federal programs described to eliminate or significantly reduce the hazards of asbestos, lead in drinking water and radon gas in our Nation's schools.

Regarding asbestos, NEA has strongly supported both the Asbestos School Hazard Abatement Act, which provides funds and grants to schools, and the Asbestos Hazard and Emergency Response Act, which requires schools to take care of hazardous asbestos.

NEA also coordinates the Asbestos in the Schools Coalition, which represents over 40 organizations from education, health, state and local governments, labor and environmental interests; and this Coalition has diligently worked for increased national funding for the last several years.

EPA has estimated that asbestos is very prevalent in our Nation's schools. In fact, it is located in more than 44,000 school buildings. Unfortunately, neither the Reagan Administration nor the Bush Administration have ever requested any funding for the ASHAA program.

The largest amount ever actually appropriated is $50 million. However, from fiscal year 1985 through fiscal year 1989, only 16 percent of the over 9,000 schools that have sought assistance under ASHAA have been funded.

Over 2,900 school districts have requested over $1.3 billion in funding, including funding for over 5,000 projects that EPA ranks hazard category one, and those are projects where the asbestos is clearly damaged and is accessible to building occupants, clearly a hazard; and only about one-third of those projects have been funded.

EPA estimated that the total cost for schools to abate asbestos will be over $3 billion with other estimates ranging as high as $6 billion. The total funding that schools have received over the last five years is a little over $200 million.

I would note parenthetically that Ohio has received more money than any other state. They have received $28 million, and Pennsylvania, I believe, is number three, has received about $19 million.

So you have done a good job helping to represent your states and get some money for problems in your particular states.

Another point I want to make about asbestos, is recently, as you may know, some scientists have requested the degree of hazard posed by asbestos and requested some of these federal laws.

We believe these critics have misrepresented what the statutes do. The Asbestos Hazard Emergency Response Act does not require in most cases schools to remove asbestos. It simply requires schools to inspect for asbestos, develop a comprehensive plan, and take a variety of appropriate actions, removal being only one of several they can do.

In fact, the scientific conclusion of some of these articles, one in Science Magazine, are out of touch, not only with the conclusions of EPA, but also NIOSH, Centers for Disease Control, the American Cancer Society, and many other scientific health experts.

Looking briefly at the current round of funding for ASHAA, fiscal year 1990 funding, EPA has received over $400 million in requests. They only have about $44 million to give out, so they will only be able to fund 11 percent of what schools have requested for the current year.

Therefore, NEA strongly urges the subcommittee to recommend an increase in funding up to $250 million, which is the level set in the current pending reauthorization for the program.

Another point is that when loans are repaid, and most of the money given out to schools is in the form of loans. It goes into an asbestos trust fund. OMB has estimated that about $25 million will be in the trust fund by the end of fiscal year 1991.

That money can only be released if the Appropriations Committee approves it, and we would urge you to take a look at releasing some of that money, because otherwise it is just sitting there, not helping schools to deal with abatement.

Touching briefly on the issue of lead in drinking water, Congress has passed the Lead Contamination Control Act, which authorized a program of $30 million a year in grants to states to help schools test for and remedy lead contamination in their drinking water. Unfortunately, no funds have ever been appropriated for this program.

As you know, the health hazards of lead, even very low level exposure to lead, are well documented with young children being particularly susceptible, and the main thing it does to children is it affects their intellectual development.

In fact, EPA estimated in 1986 that 29,000 children required medical treatment, and 230,000 suffer an IQ loss due to elevated lead levels in drinking water.

EPA has identified over 100 different water coolers that have lead in them. In fact, over one million individual water coolers may have hazardous lead in them.

In addition, in schools, lead pipes, lead solder, or other sources may contribute to lead in drinking water, and, therefore, we would urge the subcommittee to fund the $30 million authorized in grants to states to help schools with this problem.

Lastly, on the issue of radon, another statute, Indoor Radon Abatement Act authorized $10 million a year, again, in grants to states to do a variety of activities to help reduce radon, including allowing states to give money to schools to help them test for or mitigate radon hazards.

This program did receive $9 million in funding last year, the Administration requested $9 million for this year, and we would urge you to fund at least the $9 million level or up to the $10 million authorized.

Radon, as you know, is the second leading cause of lung cancer, and, again, children are more susceptible because of their high breathing rates.

In fact, in terms of its prevalence in schools, EPA, based on a survey of schools in 16 states, found that more than half of all the schools surveyed had at least one room with elevated radon levels, and the highest reading was equivalent, to the children in that building—it was in Nashville, Tennessee—smoking 17 packs of cigarettes a day.

EPA has urged all schools to test for and remedy radon contamination, and we would urge you to provide funding to help them do that.

In conclusion, we recognize that the Congress has many difficult choices as you attempt to develop an overall fiscal year 1991 spending plan, but we can think of no more compelling national need than the health and safety of our children.

We would urge you to give adequate funding for both the ASHAA program, the Lead Contamination Control Act and the Indoor Radon Abatement Act.

Thank you.

Mr. STOKES. Thank you very much, Mr. Packer. I appreciate very much your testimony. Representing a major city in the country that has all the types of environmental problems that you have just referenced, particularly I am mindful of some statistical data here in your formal testimony.

You state that almost one-forth of all public school buildings were built before 1949, about half were built before 1959. So it points up a very real problem Nation-wide.

Mr. PACKER. And particularly, because with asbestos, it tends to deteriorate over time. So when asbestos was used, particularly in the early 1950s, that is the material that is now corroding and deteriorating and releasing fibers into the air of the building. That is why it is really in the last couple of years presenting a major hazard.

Mr. STOKES. Well, we thank you very much.

Mr. Coughlin?

Mr. COUGHLIN. One of the problems some schools have had in abating asbestos is conflicting signals from EPA as to whether it was satisfactory to encapsulate the asbestos or whether they had to remove the asbestos, and some of them even went so far as to encapsulate it and then be told they had to remove it.

I tell you from the EPA standpoint as long as the asbestos is protected against, you don't have a position as to whether it needs to be encapsulated or needs to be removed.

Mr. PACKER. The way the current law works, is the school has to develop a management plan by someone who has been accredited by EPA to do that. And the school in conjunction with the expert decides essentially what they need to do, based on how damaged the asbestos is.

EPA does not require schools to remove asbestos unless it is presenting an imminent health hazard. So that some schools may have decided to remove it, even though in the short run that might not be the least costly option, because in the long-term they are likely to have to remove it any how, because if they do some renovation work or drill into a wall, they will have to remove it at that time.

But we think as it is being implemented, it provides schools a lot of flexibility. There may be some confusion, and we have been working with EPA trying to get more information out to schools about that.

Mr. **Coughlin**. But you support the statute as it stands?

Mr. **Packer**. Absolutely.

Mr. **Stokes**. Thank you very much, Mr. Packer.

Mr. **Packer**. Thank you.

[The statement of Mr. Packer follows:]

LEGISLATIVE INFORMATION

TESTIMONY
OF THE
NATIONAL EDUCATION ASSOCIATION

ON APPROPRIATIONS FOR THE
ASBESTOS SCHOOL HAZARD ABATEMENT ACT,
LEAD CONTAMINATION CONTROL ACT, AND
INDOOR RADON ABATEMENT ACT

BEFORE THE
SUBCOMMITTEE ON APPROPRIATIONS FOR
VETERANS AFFAIRS-HOUSING AND URBAN DEVELOPMENT-
INDEPENDENT AGENCIES

U.S. HOUSE OF REPRESENTATIVES

PRESENTED BY
JOEL PACKER
NEA LEGISLATIVE SPECIALIST

MAY 1, 1990

KEITH GEIGER, President
ROBERT CHASE, Vice President
ROXANNE E. BRADSHAW, Secretary-Treasurer

DON CAMERON, Executive Director

Mr. Chairman and Members of the Subcommittee:

I am Joel Packer, a legislative specialist for the two million-member National Education Association, which represents professional and support employees in public elementary, secondary, vocational, and postsecondary schools throughout the nation. I appreciate this opportunity to speak about an issue that is vital to the future health of generations of America's students and school employees: environmental hazards.

NEA strongly urges this Subcommittee to recommend funding that fully meets authorized levels for federal programs designed to eliminate or significantly reduce the hazards of asbestos, lead in drinking water, and radon gas in our nation's schools.

All Americans share the belief that America's school buildings--where our young people spend a significant part of their lives--must provide safe and healthful environments. And yet, we know that too often educational facilities are the site of many terrifying dangers. Chief among these are asbestos, lead in drinking water, and radon. It is critical that schools take immediate steps to eliminate environmental hazards. Each day delayed is another day that children are at risk to exposure.

NEA will not be satisfied, and the Congress should not be satisfied, until all known health hazards in the schools are eliminated. We recognize that this goal can be achieved only through a partnership of federal, state, and local officials, and with the involvement of parents and other community members. But we ask that this Subcommittee and this Congress continue to lead by providing adequate financial resources.

Asbestos in the Schools

NEA has testified many times on the hazards of asbestos in the schools. We strongly supported the Asbestos School Hazard Abatement Act (ASHAA) and the Asbestos Hazard Emergency Response Act (AHERA). Each year, we have urged Congress to provide resources to these programs to accomplish their objectives. In addition, NEA coordinates the Asbestos-In-Schools Coalition representing over 40 organizations from education, health, state and local governments, labor, and environmental interests. This Coalition has strongly supported increased ASHAA funding for several years.

The hazards of asbestos are well-known. Its link to cancer and other debilitating and potentially terminal diseases is widely recognized. Its prevalence in more than 44,000 school buildings across the nation is well-documented. The legislative responses to this threat to human health and the environment -- ASHAA and AHERA -- establish a coordinated and comprehensive plan of action by which schools can systematically eradicate the hazards of asbestos.

In our view, the hazards of asbestos in the schools are so widespread and so critical to America's future that the federal government must shoulder part of the financial responsibility. The Reagan Administration repeatedly called for no new funds for ASHAA. The Bush Administration, in FY90 and FY91, has followed suit.

Asbestos abatement efforts in America's schools are a prudent investment in our nation's health. And yet the largest appropriation ever provided for ASHAA -- $50 million -- is one-twenty-thousandth of the federal budget. From FY85 through FY89, only 16 percent of the 9,704 schools seeking assistance under ASHAA have been funded. Some 2,900 local education agencies have requested almost $1.3 billion in funding for 14,800 asbestos abatement projects, including 5,485 projects -- about 37 percent -- that were considered Hazard Category I projects by the EPA. Fewer than one-third of even these projects have been funded.

Hazard Category I projects are characterized by significantly damaged friable asbestos-containing building materials exposed or in an air plenum.

Since the enactment and ongoing implementation of AHERA, the need for federal assistance in asbestos inspection, abatement, and management has become even greater. EPA estimates the total costs of asbestos abatement in schools nationwide will be $3 billion. Other estimates range as high as $6 billion. However, schools have received only $202 million to date.

Recently, the hazards of asbestos have been questioned by some scientists. NEA strongly maintains our support for AHERA. Most critics of the statute have misrepresented what it does. AHERA does not require removal of asbestos in the vast majority of circumstances. NEA has cooperated with the National PTA and EPA in the development of The ABCs of Asbestos in Schools, a guide to AHERA for parents and teachers, which clearly makes this point. The statute requires schools to inspect for asbestos, assess its condition, develop a comprehensive asbestos management plan, and implement appropriate response actions, including special operations and management procedures, repair, enclosure, encapsulation, or removal.

EPA in its July 1989 final rule on banning future manufacture, importation, and distribution of asbestos stated categorically that "It is well recognized that asbestos is a human carcinogen and is one of the most hazardous substances to which humans are exposed in both occupational and non-occupational settings." The EPA also stated, "All commercial forms of asbestos have been shown to produce lung tumors and mesothelioma...in laboratory animals with no substantial differences between the form of asbestos in carcinogenic potency."

The contention of the critics of asbestos abatement is clearly out of touch, not only with these statements, but also with the conclusions of the Centers for Disease Control, the Consumer Product Safety Commission, the National Institute for Occupational Safety and Health, the American Cancer Society, the International Agency for Research on Cancer, and numerous well-qualified experts, from Harvard Medical School, the Mount Sinai School of Medicine, the New York State Department of Health, and New York University's Institute of Environmental Medicine.

Dr. Willim Nicholson of the Mount Sinai School of Medicine has stated, "It has been calculated that the lifetime risk for a 13-year exposure at (average indoor asbestos levels), beginning at age five, ranges from 4-12 asbestos cancer deaths per 100,000 exposed...For a school population of 20 million pupils, this translates into 800-2,400 cases of cancer."

Most other carcinogens are regulated by EPA when projected to cause one cancer death per one million people, well below the projected cancer deaths cited here.

By July 9, 1989, all schools were required to implement asbestos management plans developed under AHERA regulations, and, in fact, 94 percent of all schools had prepared management plans as of October 1989. It is, therefore, understandable that in the most recent round of applications, some 862 local education agencies applied for funds amounting to almost $406 million to carry out 1,856 asbestos abatement projects. The $44.7 million EPA will have available for ASHAA grants and loans is sufficient to pay for only 11 percent of those requests.

NEA strongly urges the Subcommittee to recommend $250 million for ASHAA for FY91, the level set in the pending reauthorization of ASHAA (S. 1893/H.R. 3677). The next several years will be particularly difficult financially for schools as they implement their management plans. The Office of Management and Budget projects that about $25 million will be available from repayment of ASHAA loans in the Asbestos Trust Fund by FY91. We urge this Subcommittee to appropriate these funds for distribution as a part of the total level. It makes no sense to leave money in the Trust Fund while the problems are so great and abatement actions are at their peak.

Lead in Drinking Water

In 1988, Congress passed and the President signed into law the Lead Contamination Control Act (LCCA). This measure required EPA to provide guidance to states and localities and authorized $30 million per year for grants to states to help schools and child care centers test for and remedy lead contamination in their drinking water. The Act also contains specific requirements for the testing, recall, repair, and/or replacement of water coolers with lead lined storage tanks or with parts containing lead. And yet, no funds were appropriated in either FY89 or FY90 to carry out activities under the Act.

By now, the health hazards of even low-level exposure to lead are well-documented and widely known. Young children are particularly vulnerable because the physical and behavioral effects of lead occur at lower levels of exposure in children than in adults. In the same way, pregnant women are at a high risk from lead exposure because of its effect on the fetus. Overexposure to lead can permanently impair a child's mental and physical development. In 1986, EPA estimated that each year 29,000 children require medical treatment, and 230,000 suffer an IQ loss due to elevated lead levels in drinking water. And new research demonstrates the decline in intellectual capacity is irreversible. Comparatively low exposure to lead by children has been linked to damage to the central and peripheral nervous system, learning disabilities, shorter stature, impaired hearing, and impaired formation and function of blood cells. Lead in drinking water remains a serious problem because of the use of lead in pipes, solder, and water coolers.

EPA has identified more than 100 different models of water coolers with lead; nationwide, more than 1 million water coolers may have hazardous lead components. However, water coolers are not the only source of lead contaminants in drinking water in the schools. In many schools, drinking water is contaminated by lead from the corrosion of lead pipes, solder, fixtures, or other parts of the plumbing system. Moreover, given the water use patterns in schools, which are closed on week-ends and over vacations, water than remains stagnant in interior plumbing -- even from the close of one school day to the opening of the next -- is in contact with lead solder or pipes and thus may contain higher levels of lead.

Because school officials are currently taking steps to protect school children from lead contamination, funding assistance must be provided now. NEA urges the Subcommittee to recommend the full $30 million authorized for grants to states in FY91.

Radon Contamination

Public awareness about the hazards of radon is recent compared to the knowledge of the dangers of asbestos.

The Indoor Radon Abatement Act of 1988 authorized $10 million a year to help states set up programs to address the hazards of radon, including public information efforts and grants to schools for testing and abatement work. The Bush Administration recommended $9 million for this program for FY91, the same level appropriated in FY90. NEA also applauds the $1 million appropriated in FY90 for EPA to conduct a national survey of radon contamination in schools.

Radon is a colorless, odorless, tasteless, radioactive gas that occurs naturally in soil, rocks, underground water, and air. It is produced by the radioactive decay of radium-226 in the soil and rocks. EPA estimates that radon is responsible for some 20,000 lung cancer deaths a year; only cigarette-smoking caused more cases of lung cancer. As with many other health hazards, young children are more susceptible than adults to the risk of cancer because of their smaller lung volumes and higher breathing rates.

An EPA preliminary survey of radon concentrations in schools, conducted in 16 states and 130 schools, revealed that more than half of all schools surveyed had at least one room with radon levels above 4 picoCuries per Liter (pCi/L), the current EPA standard for radon, although even this level can have adverse health effects. About one in five of the individual rooms surveyed had radon levels above 4 pCi/L, and three percent of the school rooms had radon levels of more than 20 pCi/L, with the highest reading being 136 pCi/L, the equivalent of smoking 17 packs of cigarettes per day.

EPA found that high levels of radon gas occur in some school rooms in all the tested states. In its initial survey, EPA found that joints or cracks in the foundations of schools may be entry points for radon to enter. And since schools remain closed on week-ends and over vacations, radon can built up to hazardous levels.

EPA has developed guidance materials to help schools do effective testing and mitigation work. And in conjuction with NEA and the National PTA, EPA has prepared a brochure urging schools to test for radon. NEA has distributed more than 100,000 copies of this brochure, "Every School Should Take This Simple Test," to our members. Since many mitigation methods involve extensive construction, refurbishing, or replacement of air conditioning or ventilation systems, the costs for affected schools is potentially great. But given that the lives of our children are at stake, we cannot seriously consider the alternatives to effective radon mitigation.

NEA urges you to recommend the full $10 million authorized to carry out the state grant program.

Conclusion

America's elementary and secondary school children are faced with at least three serious health hazards: asbestos, radon, and lead in drinking water. At the same time, state and local education face serious economic obstacles to addressing these needs, while maintaining and improving the quality of academic programs. A 1989 survey by the Education Writers of America, compiled in a study entitled "Wolves at the Schoolhouse Door," revealed that one-fourth of American public school buildings are obsolete, lack accommodations for the handicapped, or have severe environmental problems. Almost one-fourth of all public school buildings were built before 1949, and about half were built before 1959, making them much more likely to contain environmental hazards.

Many school officials and state health officials still need guidance and financial assistance on the extent of these hazards and the best ways to address them.

We recognize that the Congress has many difficult choices as it attempts to develop an FY91 spending plan that meets both national and economic needs. But we can think of no more compelling national need that the safety of our children. We urge you to give funding for ASHAA, LCCA, and IRAA your full support.

Thank you.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

MIKE ELLIS, NATIONAL UTILITY CONTRACTORS ASSOCIATION

Mr. STOKES. Our next witness is Mr. Mike Ellis, President of the National Utility Contractors Association.

Mr. Ellis, we are pleased to have you before our subcommittee this morning, and we will insert into the record the full text of your formal written statement. And you may proceed as you like.

Mr. ELLIS. Mr. Chairman, my name is Mike Ellis, President of the National Utility Contractors Association, or NUCA.

Our national membership organization is comprised of 2000 construction businesses that build water, sewer, and other underground facilities.

I am also President of a utility construction firm, Westcon, in Pleasant Grove, Utah. It's my pleasure to represent NUCA before your subcommittee on the hearings involving next year's appropriation for the Environmental Protection Agency.

Our organization is particularly concerned with funding for the waste water treatment facilities until Title VI of the Federal Water Pollution Control Act. As you know, the Act is the primary Federal program for municipal waste water treatment Congress funds at the Federal level.

Forty-four states have approved state revolving funds, which is testimony to the widespread acceptance of the innovative program by state governments.

The most important selling point to the utility construction industry and other SRF advocates was the assurance of the steady and dependable source of future sewer funding.

Regrettably, the actual amount of Federal capitalization funds appropriated to the states has been short of the authorized levels under the Act. Even at full appropriation levels, our understanding is the SRF's are not adequately capitalized to assume the entire national responsibility for a conservative $68 billion price tag for the backlog of current waste water treatment needs and future growth needs of $83.5 billion.

For the short term, Congress must make every effort to appropriate $2.4 billion in fiscal year 1990 for SRF under Title VI. Water and sewer cleanup is the top NUCA priority and the top priority of the vast majority of Americans, as indicated in recent polls.

Our organization believes that funding for waste water treatment programs must be appropriated at the maximum levels authorized by the Act. We commend this subcommittee for attempting to raise the appropriation level last year. However, two across-the-board cuts, on the Floor of the House and under the Gramm-Rudman-Hollings Act, negated the committee's good work.

Funding levels have remained extremely low over the last two years. Effectively gutting the program and setting aside the major goal of providing sufficient initial funding of SRFs to turn the program back to the individual states.

The continual yielding of the deficit action on EPA sewer programs threatens 20 years of progress in the fight against water pollution.

No one wants to see our waste water pollution backlog grow. In addition to the $68 billion needed to clean up current problems, another $15.5 billion must be invested to keep up with the future growth.

Lacking their own source of building funds, some communities have had to resort to building moratoriums. Another common practice is to shift the cost of new growth to residential, commercial and industrial development, which makes the construction of many projects economically unfeasible.

Most economically distressed areas, and especially rural communities, do not have this extraction fee option, and they must rely on assistance from higher levels of government.

The affordability of new homes has been threatened by higher development costs. The owner of a new home pays a much higher mortgage premium for building these public facilities than if the same amount were borrowed by a government entity.

This leads our argument full circle to the advantage of borrowing from an SRF by a local government over private financing of water and sewer systems through extraction fees.

In summary, NUCA believes that the President's budget request of $1.6 billion for the SRF program is woefully insufficient and shortsighted. You have our strongest assurances that NUCA will support congressional efforts to fully fund the program at the $2.4 billion authorized by law.

Thank you, Mr. Chairman.

Mr. STOKES. Thank you very much, Mr. Ellis. We appreciate your appearance here this morning.

Thank you.

Mr. Coughlin, do you have any questions?

Mr. COUGHLIN. Mr. Chairman, my only question is where you have developments that are putting additional waste water into the system, you don't feel that you should have any payment for that?

Mr. ELLIS. We feel that they should have some payment for that; however, some of them are extremely excessive. We see fees of $200,000 for some developments, and it raises the price of the home so much that it becomes inaffordable.

Mr. COUGHLIN. There is no question that it's going to be a very difficult thing in home building, the cost of the various facilities that are forced over to the contractor.

Thank you, Mr. Chairman.

Mr. STOKES. Thank you very much, Mr. Ellis.

[The statement of Mr. Ellis follows:]

NATIONAL UTILITY CONTRACTORS ASSOCIATION
1235 JEFFERSON DAVIS HIGHWAY, SUITE 606
ARLINGTON, VIRGINIA 22202-3283
(703) 486-2100

STATEMENT OF

MIKE ELLIS, PRESIDENT

NATIONAL UTILITY CONTRACTORS ASSOCIATION

HEARINGS BEFORE THE

APPROPRIATIONS SUBCOMMITTEE ON VA, HUD, AND
INDEPENDENT AGENCIES

U.S. HOUSE OF REPRESENTATIVES

ON THE ENVIRONMENTAL PROTECTION AGENCY
APPROPRIATION FOR FISCAL YEAR 1991

MAY 1, 1990
WASHINGTON, D.C.

CONSTRUCTORS OF WATER, SEWER AND UNDERGROUND UTILITY SYSTEMS

Mr. Chairman, my name is Mike Ellis, President of the National Utility Contractors Association (NUCA). Our national membership organization is comprised of 2,000 construction businesses that build water, sewer and other underground facilities. I am also President of a utility construction firm, Westcon, in Pleasant Grove, Utah.

It is my pleasure to represent NUCA before the House Appropriations Subcommittee on VA, HUD, and Independent Agencies Resources on hearings involving the Fiscal Year 1991 appropriation for the Environmental Protection Agency (EPA). Our organization is particularly concerned with funding for the wastewater treatment facilities under Title VI of the Federal Water Pollution Control Act (hereafter referred to as the Act). As you know, the Act is the primary federal program for municipal wastewater treatment construction funds through the U.S. Environmental Protection Agency. The authorization for construction grants under Title II expired last year. The Act only provides for capitalization grants under Title VI for the transition to an innovative financing mechanism -- the state revolving loan fund (SRF) program.

Instead of direct grants to local levels of government, the Act make a radical departure by giving states capitalization grants to establish SRF's. Local governments apply to the states for a construction loan from the SRF. As the loan is repayed, new capital will be used to finance future wastewater treatment construction projects. 44 states have approved SRF's, which is testimony to the widespread acceptance of the innovative program by state governments. The most important selling point to the utility construction industry and other advocates of the transition was the assurance of a steady and dependable source of future sewer funding.

Regrettably, the actual amount of federal capitalization funds appropriated to states has been short of the authorized levels under the Act. Even at full appropriation levels, our understanding is that SRF'S are not adequately capitalized to assume the entire national responsibility for a conservative $68 billion for the backlog of current wastewater treatment needs and future growth needs of $83.5 billion. For the short-term, Congress must make every effort to appropriate $2.4 billion in FY 1990 for SRF's under Title VI.

Water and sewer funding is the top NUCA priority. Our organization believes that funding for wastewater treatment programs should be appropriated at the maximum levels authorized by the Act. We commend this Subcommittee for attempting to raise the appropriation level last year. However, two across-the-board cuts on the floor of the House and under the Gramm-Rudman-Hollings Act undid the committee's good work. Funding levels remained roughly the same over the last two years. Congress may need to reopen the Federal Water Pollution Control Act -- primarily due to the federal funding shortfall over the past decade that has reduced federal commitment by half.

The continual wielding of the deficit ax on EPA sewer programs threatens 20 years of progress in the fight against water pollution. No one wants to see our wastewater pollution backlog grow. According to EPA, non-point sources now represent a larger source of water pollution than point sources from publicly owned treatment works. However, we cannot continue to make progress towards swimmable and fishable lakes, streams and oceans with an inadequate funding commitment from all levels of government.

Moreover, the difference between current and future wastewater needs is a $16.5 billion price tag. Communities have had to resort to building moratoriums because of insufficient public facility capacity to support new growth. The other common practice is to shift the cost of new growth on residential, commercial and industrial development.

The extractions placed on new growth come in the form of "development extractions," "impact fees," "proffers," or other terminology for on- and off-site for water and sewer systems and other public facilities that are initially financed by the builder. A national survey conducted by Florida State University found that impact fees for sewers were more than three times as common as the combined total of fees for parks and fire facilities.

Although builders technically pay the fees, the cost is invariably passed through to consumers in the form of higher prices. The affordability of new homes has in part been driven by higher development costs. The incremental effect is hard to quantify. However, the owner of a new home pays a higher mortgage premium for building these public facilities than if the same amount were borrowed by a government entity. This leads our argument full circle to the advantage of borrowing from an SRF by a local government over private financing of water and sewer systems through extraction fees.

The innovative SRF program has been aggressively adopted by the states. The State of New Jersey, for example, was one of the first in the Nation with an SRF, and they are considering a re-capitalization to build more sewer facilities with state funds. New York was the most recent state to obtain an approved SRF, and they received the largest capitalization grant under the program. On the other hand, West Virginia is one of the last states that is actively considering legislation to establish an SRF. That economically hard-pressed area is having difficulty finding state and local funding sources. After Massachusetts recently passed a law establishing an SRF, a major bond issue was subsequently authorized. But the bond rating collapsed, and construction funds have not been forthcoming. The states have demonstrated a good faith effort. As with any new program, the initial results have been mixed.

NUCA recently testified before the House Appropriations Subcommittee on Rural Development, Agriculture, and Related Agencies on water and sewer grant funding programs under the Farmers Home Administration. Many of the smaller and poorer rural communities lack the rate base to finance these vital public facilities through other means of federal assistance. We were pleased that the majority of the House voted for an amendment by the Honorable Charlie Rose to protect water and sewer funding for this program's reauthorization during consideration of the Rural Economic Development Act. NUCA appreciates the support given by the Chairman, Ranking Minority and nearly all the Members on this Subcommittee for the Rose amendment.

In summary, NUCA believes that the President's budget request of $1.6 billion for the SRF program is insufficient. We urge Congress and the Administration to fully fund the program at the $2.4 billion authorized by law.

* * *

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

BILL FRANK, JR., NORTHWEST INDIAN FISHERIES COMMISSION

TERRY WILLIAMS, COMMISSIONER, NORTHWEST INDIAN FISHERIES COMMISSION

JIM HARP, EXECUTIVE DIRECTOR, NORTHWEST INDIAN FISHERIES COMMISSION

JIM ANDERSON, NORTHWEST INDIAN FISHERIES COMMISSION

Mr. STOKES. Next we have Mr. Bill Frank, from the Northwest Indian Fisheries Commission.

Mr. Frank, we are pleased to see you, and the gentlemen who are accompanying you, and we are going to put into the record the full context of your formal written statement, and you may proceed as you like.

Mr. FRANK. Thank you, Mr. Chairman and members pf the committee. With me today I have Terry Williams, one of our commissioners, Jim Harp, and our Executive Director, Jim Anderson.

We are here to answer questions on our testimony, but before we give our testimony, we wanted to thank the Chairman and the committee. We were here last year and we were able to get funding for the Northwest Tribes in fiscal year 1990 of $200,000, which will put us on the move forward, and brings us back here this year, to offer more testimony, and hopefully get into the EPA budget.

We have throughout the nation, over 50 million acres, and that is as big as the whole New England States. We are not in the budget of EPA, and so we are offering testimony to try to get into that budget. We don't believe that the EPA budget is the answer.

I think the tribes need their own funding, whatever means it takes to do it, that work has to be done. Just a little bit of history about us, the Northwest, we have co-management, we have U.S. versus Washington in 1974 that went through, went to the United States Supreme Court and back home and the laws aligned us now as far as the tribes and the states, we have co-management really working in the Northwest.

We are working in just about every field. Timber, fishing, wildlife, and our anadromous fish that we protect out there. We are moving into the clean up part, and that bring us to the committee today.

Terry Williams?

Mr. WILLIAMS. What we are looking at was developing programs in the State of Washington for the tribes. As you mentioned, nationally the tribes have been involved in environmental protection, but without the infrastructure to actually make programs work.

I was here back in 1984 when we developed the Indian policy for EPA, and at the time it was the hope that we would start moving then.

But unfortunately since then, little has happened to actually get funding to the tribes to make programs work. We have been able to receive grants here and there, but other than that, it has been minuscule funding that has reached the tribes.

But today, the EPA has been talking to us and working with us and looking at developing different types of programs. We would like to use Northwest Tribes as a pilot project to see how government-to-government works. The EPA has given us the status the same as states, recognizing us as states.

The governors in Washington signed in accord a government-to-government process. So what we are looking at is building programs dealing with planning, education, Indian watershed planning, dealing with non-point sources solution, water quality monitoring programs, coordinating information systems, and educating people in the State of Washington about the tribes, and our participation as co-management resources in the state.

Our request is a follow up of last year's $200,000. Last year the $200,000 passed down was to get coordinators on board, so that when we start receiving funds, the coordinators will help us tribally communicate with each other, make sure we are being constant in our development of the programs, make sure we are consistent with the State of Washington, our partner on the right hand and the EPA on the left hand.

And we will be drafting agreements to work with both the state and the EPA on how to move forward. What we are looking at this year is seeing how the EPA was going to work with the million dollars they were appropriated last year for their internal infrastructure to be able to respond to our people, and this year we would like to see $30 million go out nationally to all of the tribes, and out of that $6 million to the Northwest to get this program moving.

I think with that, I will introduce Jim Harp, Vice Chairman.

Mr. STOKES.

Mr. Harp, we recognize you.

Mr. HARP. Thank you, Mr. Chairman.

To follow along with Mr. Frank and Mr. Williams, we do have strong support for our efforts. To date in the testimony there is a letter from the Governor of the State of Washington, also the Director of the Department of Ecology, Chris Grismore, and the delegation from the Northwest has sent a letter of support, and I think that was in the packet.

To conclude the testimony, we feel strongly that tribal funding is needed to continue the cooperative co-management efforts to develop model programs to protect the environment. The 1990's have been determined to be the decade of the environment and we want to be part of the focus to making sure we have a good, sound, clean environment in the Northwest.

We also feel that there is a need to take care of the trust responsibility of the EPA for the tribes, and to fully develop an independent infrastructure necessary to carry out the environmental protection programs up there in the Northwest.

We ask for your consideration of $6 million for the Northwest, or $30 million nationwide.

Mr. STOKES. If I understand you correctly then, or understand the thrust of your testimony, it is that you see this tribal funding, both in the amount of $30 million and $6 million request as being the next step in terms of this whole Northwest quadrant being able to fulfill all of its economic promises.

Mr. HARP. Yes.

Mr. **Stokes**. Is that basically it?

Mr. **Frank**. Yes.

Mr. **Stokes**. And have you found that since last year you got the funding to be able to start coordinating your activities with the EPA; have you found a good working relationship over this period of time?

Mr. **Williams**. The people we were working with back here in Washington, not only a good working relationship, but they seem enthusiastic, but we feel they look forward to building our programs and how we are going to fit into this co-management with the State of Washington and EPA.

That has not been done to the level that we proposed anywhere in the country, and they are excited about it.

Mr. **Stokes**.

Very good.

On behalf of the subcommittee, let me thank you gentlemen for your appearance here today, and for your testimony before our subcommittee.

Mr. **Frank**. Thank you, Mr. Chairman.

[The statement of Mr. Frank follows:]

Northwest Indian Fisheries Commission

6730 Martin Way E., Olympia, WA 98506 Phone (206) 438-1180 FAX #456-3032 FTS #434-9476

STATEMENT OF THE NORTHWEST INDIAN FISHERIES COMMISSION ON BEHALF OF TWENTY-FOUR FEDERALLY RECOGNIZED TRIBES AND TRIBAL ORGANIZATIONS IN WASHINGTON STATE BEFORE THE HOUSE OF REPRESENTATIVES VA, HUD, AND INDEPENDENT AGENCIES SUBCOMMITTEE

May 1, 1990
10:45 A.M.
Room H-143
United State Capitol

PRESENTED BY
BILL FRANK, JR.
CHAIRMAN
NORTHWEST INDIAN FISHERIES COMMISSION

WITNESS LIST
James Harp, Commissioner
Terry Williams, Commissioner
James R. Anderson, Executive Director

Chairman Traxler, and honorable members of the Committee, I am Bill Frank, Jr. Chairman of the Northwest Indian Fisheries Commission (NWIFC). Present with me today are James Harp, Commissioner, Terry Williams, Commissioner and, James R. Anderson, Executive Director, here to assist in answering any questions you may have on our interest in this subcommittees activities and budgets. We are here today to respectfully request appropriations from the Environmental Protection Agency's budget to assist twenty-four tribes and tribal organizations in Washington State for fiscal year 1991 to continue our efforts protecting the salmon resource from nonpoint source pollution.

Before we present testimony we would like to offer our appreciation to the Chairman and subcommittee members for their support to the Northwest Tribes in FY-90. Though we are just beginning to implement these funds they will be helpful in developing a programmatic tribal approach for the protection of anadromous fish habitat from nonpoint source pollution problems.

To assist the Committee members, I would like to summarize background relevant to our request:

BACKGROUND

The NWIFC is here today representing twenty treaty fishing tribes in western Washington, and in eastern Washington, the Yakima Indian Nation, Colville Confederated, Spokane and Kalispell Tribes.

Washington State has been blessed with bountiful rivers and streams. Five species of pacific salmon and three species of anadromous trout utilize Washington states streams during the fresh water stages of their life cycles. These anadromous fish support valuable sport, commercial , cultural and subsistence fisheries. At one time substantial quanity of fish production originated in lowland streams. Old growth conifer removal, riparian zone impacts, farming activities, and channelization of the streams has reduced the productive capacity of these streams to extremely low levels.

Unfortunately, conflict between state, tribal and federal governments over the salmon resource and protection of its habitat have plagued the northwest. Since the turn of the century the tribes in the Northwest have been in conflict and litigation concerning their treaty fishing rights with the State of Washington. Finally, in 1979 the United States Supreme Court re-affirmed the treaty tribes right to harvest fifty percent of the anadromous fish passing through tribal usual and accustomed areas. In 1980, the federal district court held that the United States and the State of Washington must not permit degradation of fish habitat which would diminish the treaty harvest right, including nonpoint pollution sources. The federal courts have recognized that protection of water quality and other attributes of fish habitat are necessary to secure the Constitutionally protected rights of harvesting fish for the tribes.

The legal principles enunciated in United States v. Washington and other federal court decisions are the basis upon which the tribes are involved with off-reservation environmental issues. As a result of federal court decisions, the State of Washington has recognized the tribes as "co-managers" of the fish resource in our state. As "co-managers" in Washington, the tribes must have the resources to adequately participate in environmental programs both off and on-reservation to ensure adequate protection of their treaty rights.

Rather than continue an era of conflict, the State of Washington has recently proclaimed a policy of working with the tribes on a government-to-government basis to resolve long-standing conflicts (See Attached Proclamation). In addition, the State of Washington, local governments, and federally recognized tribes are at the final stages of discussions concerning environmental disputes that fall within the scope of water quality and other natural resource issues. These discussions will outline a process by which the tribes, State of Washington, and local governments will work cooperatively together in order to seek resolution of environmental disputes and issues both on and off-reservation within the context of government-to-government relations.

For the past couple of years, tribes have been working with state and local governments to develop watershed plans to control and prevent nonpoint source pollution, sampling shellfish for bacterial contamination, and helping conduct water quality workshops and eduction programs. Presently, the tribes have assisted in developing or are in the planning stage of twenty-six (26) watershed plans for the prevention and control of nonpoint source pollution in coordination with ten (10) counties of the State of Washington. Tribes have been working cooperatively with State and local governments to develop water quality monitoring programs (See e.g. attached "EPA: Nonpoint Source News-Notes," March 1990, #4, pp.13-14), shellfish protection programs, and develop riparian protection measures with the agricultural community. Tribal participation is supported by state and local government officials. In addition, other counties are seeking to implement watershed plans and are requesting necessary tribal participation. However, infrastructure limitations place severe constraints on the tribes to continue a coordinated approach in participating and developing watershed plans for the control and prevention of nonpoint source pollution.

SUMMARY OF THE REQUEST

FEDERALLY RECOGNIZED TRIBES IN WASHINGTON STATE REQUEST ADEQUATE FUNDING SUPPORT TO INITIATE TRIBAL ENVIRONMENTAL PROGRAMS AND ADDITIONAL EPA STAFF TO BE INVOLVED IN INDIAN RELATIONS AND PROGRAMS

The Environmental Protection Agency's (EPA) established Indian policy (1984) of working with federally recognized tribes on a government-to-government basis concerns more than 375 Indian tribes in the lower 48 states controlling over 52 million acres of land base. The combined area of these Indian reservations is larger than all of New England, yet EPA now devotes only a tiny fraction of its personnel and funds to environmental protection for the Tribes. Even though the EPA has worked closely with the states to implement adequate environmental programs, little has been done to accomplish the same for the tribal governments. Indian tribes are two decades behind the states both in resources received from the EPA and in technical assistance provided by the EPA in developing tribal water program offices.

Presently, the EPA's Indian policy has not been implememont to any substantive degree for tribal governments. EPA has addressed environmental concerns of the states of this nation except 52 million acres of tribal lands. It is long over-due that the EPA consider Indian tribes viable clients as they have done with the states.

On behalf of the Washington State tribes, we respectfully request; (1) the EPA to provide $30 million for tribal programs nationally, including an appropriate level of EPA staff devoted to Indian relations and programs. A portion of these funds and staff should be devoted to Indian water resource programs, and (2) the EPA to appropriate $6 million for the twenty-four tribes and tribal organizations in Washington State to establish programs to continue cooperative approaches for environmental protection. A "front end" investment will promote cooperation and increased tribal involvement in environmental protection as has been done between the EPA and state governments.

The State of Washington supports tribal involvement in environmental protection both off and on-reservation. The state intends to work with the tribes on a government-to-government basis. The federally recognized tribes of Washington will soon meet with State, local government officials, and representatives of agriculture, industry, and environmental to discuss a government-to-government process addressing water resource issues. The results of these discussions will outline a cooperative process between the tribes, state agencies and programs, and local units of governments in areas of environmental protection.

Tribal-State discussions recognize that between governmental units, problems are often shared and the principle of comity between neighbors often serves the best interests of both. All participants to the Tribal-State discussions acknowledge there has been a gradual deterioration and loss of natural fish habitat in Washington State streams. Although there are many individual factors contributing to this, the general trend toward reduced production of habitat is the result of a combination of activities performed by humans--activities which alter and destroy water quality required for successful fish and wildlife production. The only potential means to deal with these problems is through cooperation between all affected jurisdictions.

The tribes must be part of the solutions to prevent and control nonpoint source pollution in Washington State. The tribes must participate in these activities to protect their governmental interests and treaty fishing rights. The cooperative goals of the tribal proposal are:

1. Prevent and reduce nonpoint source pollution in Washington State for the protection of anadromous fish and shellfish,
2. To develop and apply the planning and education necessary in controlling nonpoint source pollution in Washington State,
3. Develop a coordinated information management system to compile and organize databases between the tribes and state and local governments for watersheds throughout Washington State,
4. Build an efficient tribal nonpoint program which is coordinated between the tribes and with the state of Washington and local governments in order to fulfill their rights and responsibilities as co-managers of natural resources,
5. Educate staff and elected officials in state, federal, and local levels of government about tribal sovereignty issues and as co-managers of the fisheries resources and habitat.
6. Provide public education on nonpoint source pollution problems and fisheries resource on and off reservation.

The tribes will explore regional schemes of combining a consortium of tribes for environmental programs in addition to a state/tribal component of shared responsibilities.

All tribes participating in this proposal have governing bodies capable of substantial governmental duties and powers. The tribes involvement in environmental issues off and on-reservation pertain to the management of water resources which are necessary to protect the tribes treaty resources.

CONCLUSION

The federal government has a trust responsibility to the tribes by virtue of the treaties entered into agreement between the United States and Pacific Northwest tribes. This trust responsibility is a fiduciary relationship required by all departments and agencies of the federal government to ensure the tribes have adequate resources to self-govern their people, home land, and those activities that affect their rights. Consistent with the EPA's policy since 1984 of tribal "self government" and "government-to-government" relations between the federal government and tribal governments, the tribes request that additional EPA staff be involved in Indian relations and that programs and adequate funds be appropriated to implement an environmental action plan for the federally recognized tribes of Washington State.

Funding necessary to support the tribes involvement in environmental issues realizes the EPA's long-range objective of including tribal governments as partners in decision-making and program management on reservation lands. After establishing a coordinated tribal environmental program, incremental assistance will be necessary in the ensuing years to assist the tribes in addressing specific needs and projects.

In addition, implementation of tribal environmental programs enables the tribes to participate with the state in environmental policy and management on a government-to-government basis. The proposed process and implementation of tribal environmental programs will provide a model of cooperative resolutions to environmental issues for other tribes and states. Funding this program will provide invaluable information for the EPA's continued implementation of their tribal policies of government-to-government relations, protection of treaty resources, and enhancement of the environmental quality on reservations.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

SCOTT SKLAR, SOLAR ENERGY INDUSTRIES ASSOCIATION

Mr. STOKES. Our next witness is Mr. Scott Sklar.

Mr. Sklar, how are you?

Mr. SKLAR. Good to see you, sir.

Mr. STOKES. You have appeared before our subcommittee over the years many times, and we are always pleased to have you here.

Mr. SKLAR. Thank you for giving me the time.

We are one of the few trade associations that I think will come to you and say EPA should be getting some more money, and we are requesting a $4.3 million enhancement of EPA, and again, I am fully cognizant of your budget pressures. But as you know, the Solar Industry, has three basic independent industry sectors.

This photovolatic technology, at a cost of about $300 million, converts sunlight directly to electricity, utilities are now buying the technology, mostly to replace diesel power. Three hundred megawatts of prime air solar steam plants, one in California, all privately financed, not government demos, and this has been coming out of the research program, we will have a nuclear power plant up in California over the next two years, and then you know the solar hot water industry.

The reason we are asking for little bits of money in sections is pretty essential.

Using this effectively, we have had a breakthrough at Sandia National Laboratories where we have been able to take toxics out of water without hazardous waste, and I mean here we are just using a sample, this is actually the test facilities, but is benzene, dioxin, any water-borne contaminant.

Right now in the field tests, we can remove toxins without hazardous byproducts, and it is the light that does it, in combination with the heat.

Why I need to get EPA into the process is DOE is not an environmental clean up agency. They work with our industry to develop the technology and testing. EPA has watched. I need to get them about $1 million with a 50–50 industry cost share, we will put our money up where our mouth is, we can commercialize this technology in the private sector in two years. That is the bottom line.

$350,000 in my testimony is to also to give EPA some analytical capability of how to use this kind of solar energy to offset other kinds of more onerous pollution control equipment that utilities have to use that are sometimes far more costly than integrating some of this newer solar technology, but EPA doesn't have the capability right now to determine that, although they sense we are going in the right direction, and then the last $3 million is to work with some utilities and the Electric Power Research Institute and our industry in a cost share to just test it out.

And so basically that is the three things, give them some analytical capability, get the solar detoxification out in the market place in two years, and then some utility cost shares with EPA and our industry to use it as an emission mitigation strategy, both as acid rain and the global warming gases.

And again, I know your budget limitations; we are a tiny industry, I have got no clout, if you have some interest, we would love some support, and I appreciate you taking the time to hear us out today.

Mr. **Stokes**. Well, you have made a great appeal to the jury.

Mr. **Sklar**. There are some nice companies in the State of Ohio and Pennsylvania too. Contrary to public opinion, it works in the North as well as the South.

Mr. **Stokes**. Well, listen, it is very interesting testimony.

Mr. **Sklar**. It is pretty amazing where we have come in 15 years. I mean that is what is shocking about it.

Mr. **Stokes**. Well, we will certainly give consideration to your request, and we appreciate your appearance.

Mr. **Sklar**. Thank you, Mr. Chairman.

Mr. **Stokes**. Thank you.

[The statement of Mr. Sklar follows:]

SEIA

SOLAR ENERGY INDUSTRIES ASSOCIATION Suite 610 1730 North Lynn Street Arlington, Virginia 22209-2009 (703) 524-6100
FAX (703) 527-2833

STATEMENT

by

SCOTT SKLAR
EXECUTIVE DIRECTOR
SOLAR ENERGY INDUSTRIES ASSOCIATION

before

SUBCOMMITTEE ON VA, HUD, & INDEPENDENT AGENCIES
HOUSE APPROPRIATIONS COMMITTEE

MAY 1, 1990
WASHINGTON, D.C.

INTRODUCTION

The Solar Energy Industries Association (SEIA), the national trade organization of the photovoltaics and solar thermal manufacturers and component suppliers, urges the Subcommittee to appropriate $4,350,000 in FY'91 in which $350,000 is to be equally cost-shared with the U.S. Department of Energy (US/DOE) for environmental analysis and interagency/industry research, $1 million to be cost-shared on solar detoxification commercialization, and $3 million for global climate change mitigation demonstrations. This action provides urgently needed direction to more easily commercialize United States solar and renewable energy research & development and enhance current applications.

The U.S. solar industry is asking that a small amount of Environmental Protection Agency (EPA) funds be directed to:

- to establish solar and renewable energy cost-shared commercialization projects to demonstrate how solar applications can be used to displace or offset fossil energy producing global climate change gases. Mitigation through EPA co-funding six projects at $500,000 each in photovoltaics, solar thermal, biomass, geothermal, and wind with additional co-funding by industry, the U.S. Department of Energy and the Electric Power Research Institute (EPRI). (cost: $3 million).
- to allow EPA to provide analysis of the solar and renewable energy industries on the extent these technologies can both technically and economically contribute to offset conventional energy applications and to assist industry in providing analysis to promote further utilization solar and renewable energy by resolving short and long term environmental regulatory impediments. (cost: $350,000).
- to cost-share ongoing applied research in recent breakthrough using solar concentration to breakdown toxic and hazardous wastes which has already been demonstrated as effective in breaking down dioxins, CFC's and solvents in water. (cost: $1 million).

PROPOSAL

First, solar energy has virtually unlimited resource potential, and thus is an essential component for reducing pollutants which cause global warming and acid rain. Although most renewable energy technologies have been demonstrated-economic and institutional barriers have limited widespread use. Because of the clear environmental benefits, wider application of renewable energy, the Environmental Protection Agency (EPA) must be supported in establishing a technology-specific program to demonstrate the practical potential of renewable energy as an environmental mitigation strategy. The renewable energy technology demonstration program will illustrate that every region in the United States can successfully integrate renewable resources into its energy portfolio, achieving energy growth while decreasing contributions to air pollution.

It is crucial to EPA's mission to ensure that to the fullest extent possible, environmentally sound technologies are deployed widely. Renewable energy technologies are indeed environmentally sound. Using solar resources to meet growing energy demand in every utility jurisdiction across the nation is essential for achieving CO2, SO2, and NOx emissions reductions. In order for renewable resources to be applied more widely, energy suppliers and users must witness firsthand what renewables can do within their regions -- that is provide cost-effective reliable energy that enhances their environmental goals.

The six proposed demonstration programs at the aggregate $3 million level will create a more dispersed network of large-scaled renewable energy applications. Utility planners and regulators will then have regional experience in renewable resource management. These demonstrations could be jointly funded by EPA, DOE (and its affiliated laboratories), the Electric Power Research Institute (EPRI), state energy offices, and the local utilities. They will be designed to take advantage of a specific region's indigenous renewable energy resources. EPA's preliminary contributions of $500,000 per demonstration site will provide seed funding for project initiation. The following is a list of the kinds of prospective demonstration projects: photovoltaics (midwest) 5 MW, wind (northwest) 25 MW, solar thermal-electric (southwest) 50 MW, geothermal (northwest) 50 MW, hydropower, existing dam (mid-Atlantic) 25 MW, and wood waste/ag'residue direct combustion (southeast/midwest) 50 MW.

Second, the Environmental Protection Agency (EPA) has limited interaction with the solar and renewable energy industries, little involvement with research supported by the U.S. Department of Energy, and has developed absolutely no generally-accepted analysis to determine what extent, in fact, can solar and renewable energy applications offer to offset emissions and wastes. Unless these generally-accepted guidelines are incorporated into ongoing EPA analysis, neither the country of our industries will be adequately considered as potential contributors in future policy development and implementation. A national consensus on the social costs of conventional energy must be developed and considered in federal and state energy and environmental regulatory and budget processes.

The final component or guidelines for these monies would for EPA to assist industry on a case-by-case basis in meeting national or state mandated environmental guidelines that may hamper further commercialization. Analysis at EPA laboratories or co-analysis with US/DOE laboratories on emission, energy by-products and resource assessment are very important to help national, state and local environmental planners and regulators make hard decisions on energy utilization and offsets. Both our association and those of other renewable trade associations have important needs if the Subcommittee will allow a minimal amount of funds be directed towards these issues. As the chart on the page four shows, solar and renewable energy resources, excluding hydropower, now produce nearly 8,000 megawatts of utility-grade electricity. Further enhancement of these technologies can double this amount in five years.

Third, during 1989 an important undertaking by the Solar Energy Research Institute (SERI), Sandia National Laboratories (SNL) and the U.S. solar energy industry to prove whether computer modeling was indeed correct in that use of concentrated sunlight can breakdown toxic wastes beyond conventional technology in a more efficient and environmentally-benign fashion. Tests conducted by Sandia National Laboratories proved that the newest reflectors and receivers developed by U.S. industry with the support of the U.S. Department of Energy (US/DOE) can play an important role in creating an entirely new industry.

Groundwater contamination and waste disposal have been an increasing problem throughout the world. Existing incineration methods are not ideal in destroying toxics and produce potentially harmful by-products. Solar detoxification has the possibility not only to more effectively destroy water-borne toxins, but without harmful by-products.

The press briefing paper, attached, describes the potential of the use of high solar flux to breakdown wastes to EPA-acceptable levels without dangerous by-products as with incineration. More active EPA involvement is necessary to supplement ongoing US/DOE, federal laboratory, & industry efforts to bring this technology to the market place. With minor EPA-involvement in an activist sense, these technologies can be brought to the marketplace at least two years earlier.

CONCLUSION

The United States solar energy research and development program have been an outstanding success even through disinterest, budget cuts, and low energy prices. Solar water heating technologies are fully integrated into the marketplace with some utilities instituting incentive programs for peak load shaving. Over 200 megawatts of solar thermal power technologies provide utility-grade electricity for over 150,000 homes with new generations of technology that will be lower cost. Photovoltaic costs have come down ten fold in a decade and the program has had over twenty efficiency records in 1988 alone! As research increases, solar energy costs will be lowered and market penetration will significantly increase.

Renewable energy technologies can reduce greenhouse gas emissions significantly by over 30 percent in the building sector which accounts for 35 percent of our energy, by over 20 percent in the utility sector for peak power and by 10 percent for baseload generation which accounts for 25 percent of our energy, and for remote power applications which account for 5 percent of U.S. energy use. (Over 50 percent of Third World energy use.) The chart below illustrates solar and renewable energy impact in less than fifteen years:

RENEWABLE ELECTRIC ENERGY UTILITY GENERATION
IN THE UNITED STATES AS OF MAY 1989

Anaerobic Digestion	17.94 MW
Geothermal	2211.85 MW
Landfill Gas	49.82 MW
Municipal Solid Waste	630.60 MW
Photovoltaics	16.10 MW
Solar Thermal Power	201.25 MW
Wind	1500.00 MW
Wood/Agric. Wastes	3189.26 MW
TOTAL:	7816.82 MW

Note: Expressed in megawatts (MW). Does not include approximately 73,000 MW of hydropower nor include approximately 1896.75 of renewable energy plants under construction, or solar water heating and other passive solar and energy conservation measures offsetting electricity.

The Solar Energy Industries Association (SEIA) urges the Subcommittee to support our request for $4,350,000 for FY'91. I caution the Subcommittee that failure to do so will cause inordinate delays of new technologies entering the market, incomplete policy analysis, and unnecessary limitations for increased solar and renewable energy use.

Joint ventures are an essential component to this proposal and have been shown as effective by our international competitors particularly in Germany and Japan. However, the Congress must be aware that the U.S. solar energy industry is a very young and small industry. The vast majority of solar companies are less than fifteen years old and are small businesses. Therefore, industry must be supported by the federal agencies most able to further analysis and generic research.

On behalf of the Solar Energy Industries Association, I can assure the Subcommittee that the benefits will far outweigh this small funding request. Thank you.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

SISTER LOURDES SHEEHAN, SECRETARY OF EDUCATION, UNITED STATES CATHOLIC CONFERENCE

PATRICK MANN, ASSOCIATE DIRECTOR, OFFICE OF GOVERNMENT RELATIONS, UNITED STATES CATHOLIC CONFERENCE

RICHARD DUFFEY, COORDINATOR, FEDERAL ASSISTANCE, DEPARTMENT OF EDUCATION, UNITED STATES CATHOLIC CONFERENCE

Mr. STOKES. Our next witness is Sister Lourdes Sheehan.

Sister, we are pleased to have you appear here, and we will include in the record your full text of your formal or written testimony, and you may proceed as you like, and if you have witnesses with you, please feel free to introduce them to us.

Sister SHEEHAN. Thank you.

I am Sister Lourdes Sheehan, the Secretary of Education for the United States Catholic Conference and I am accompanied by Mr. Patrick Mann, who is the Associate Director of our Office of Government Relations, and Mr. Richard Duffey, who is the Coordinator of Federal Assistance for the Department of Education at the Conference.

Today I speak on behalf of the 2-1/2 million children who attend almost 9,000 elementary and secondary Catholic schools in this country, as well as for the millions of parents and others who support them.

The United States Catholic Conference is a member of "Asbestos in Schools, Colleges" and in that light support the testimony which you heard earlier of Mr. Packer from NEA. My statement today is to urge this subcommittee to provide $125 million for the asbestos school abatement program. This level of funding is an absolute minimum necessary to assist elementary and secondary schools in abating asbestos hazards which are seriously endangering our nation's school children.

If Congress considers it a national priority to abate asbestos hazards in schools, then it should also consider it a national priority to provide the necessary resources to assist all the schools in complying with Asbestos Hazard Emergency Response Act.

The act authorization and appropriations have proven to be inadequate to address the enormity of the asbestos problems in schools. Congress has provided less than $50 million a year over the past seven years, and even this amount has been reduced each year by the Gramm-Rudman reduction requirements.

$350 million over a seven year period is totally inadequate to address this problem.

The Environmental Protection Agency in implementing the compliance requirements of AHERA has projected that approximately 107,000 elementary and secondary schools nationwide will be affected at an estimated cost of $3.1 billion.

This information which we have gathered through a survey of 176 Catholic dioceses nationwide shows that the EPA estimated cost projections are extremely low, and that the real projected cost to the nation's schools will be approximately twice that amount.

We have based our projections on the actual cost of inspections and management plan development in almost 7,000 Catholic elementary and secondary schools, and the projected cost of responsible actions.

The grand total of real projected cost to elementary and secondary schools is estimated to be $450 million. Information regarding these costs is included in the appendix of our testimony.

For example, the abatement cost alone is estimated at $28 million in Pennsylvania and $14 million in Ohio for Catholic schools. If these Catholic schools from 105 dioceses and 44 states and the District of Columbia can be regarded as a microcosm of the 107,000 elementary and secondary schools nationwide, the total cost to our nation's schools to comply will be almost $7 billion, more than twice the amount projected by EPA.

This figure also closely contributes to the estimated $6 billion in the report released by the National School Boards Association in July of 1989. The financial loss to the nation's schools to meet the requirements of ASHAA are staggering.

The public school community may meet some of the cost of these requirements by raising local or state tax levies, or by floating local bond issues. Private and parochial schools on the other hand must raise those funds as best they can by school fund raising activities, or by borrowing from local lending institutions at premium rates of interest, which further compounds their financial problems. We urge the subcommittee to respond to the size of the asbestos hazard problem in our nation's schools by fully funding ASHAA at its authorized level of $25 million for fiscal year 1991.

And Mr. Chairman, we appreciate that our testimony will be part of the official hearings.

Thank you for the opportunity to testify, and we would be happy to answer any questions that you may have.

Mr. **Stokes**. Thank you very much, Sr. Sheehan.

Are the other witnesses going to speak?

Sister **Sheehan**. No. They are just here to answer any particular questions you may have.

Mr. **Stokes**. I think you have certainly adequately stated the problem. As we know, both by your testimony and previous persons have testified this morning, this is obviously a very real problem all over our nation. Not only in the public schools, but also at the private schools too.

Of course, our more serious problem is the scarcity of resources to be able to allocate and remedy this type of a problem.

Well, you certainly stated your case in a very convincing manner, and I don't think I have any specific questions, but I certainly concur in all the things you have said in terms of the problem itself.

Sister **Sheehan**. Thank you very much.

Mr. **Stokes**. Thank you, Sister, very much.

[The statement of Sr. Sheehan follows:]

TESTIMONY OF

SR. LOURDES SHEEHAN, SECRETARY OF EDUCATION

UNITED STATES CATHOLIC CONFERENCE

BEFORE THE HOUSE APPROPRIATIONS
SUBCOMMITTEE ON VA, HUD, AND
INDEPENDENT AGENCIES

Testifying In Support of
The FY 1991 Appropriations for full funding of the
Asbestos Hazard Abatement Act of 1984

WASHINGTON, D.C.

May 1, 1990

Mr. Chairman, I am Sr. Lourdes Sheehan, Secretary of Education for the United States Catholic Conference. I speak today on behalf of 2,2551,119 children who attend the 8,867 elementary and secondary Catholic schools in this country as well as for the millions of parents and others who support them. My statement today is to urge that these current hearings and decisions on the 1991 Appropriations Act provide $125 million for Title V -Asbestos School Hazard Abatement Act of 1984 of P.L. 98-377, the Education for Economic Security Act of 1984. This level of funding is an absolute minimum necessary to assist elementary and secondary schools in abating asbestos hazards which are seriously endangering our nation's school children.

In 1982, the Environmental Protection Agency issued the "Friable Asbestos-Containing Materials in Schools Identification and Notification Rule" (40 CFR Part 763) promulgated under the Toxic Substances Control Act. This rule required all schools to: inspect, sample, and analyze friable asbestos materials; document and maintain records; and notify employees, students and parents of such hazards. In the absence of any federal financial assistance and with minimal training, most school officials made every good faith effort to comply with these regulations. However, both Congress and the EPA were dissatisfied when surveys revealed that about 30% of all schools had not complied with the Asbestos-in-Schools Rules.

The Asbestos School Hazard Abatement Act was passed in 1984 because Congress determined that the presence in school buildings of friable or easily damaged asbestos created an unwarranted hazard to the health of school children and employees who are exposed to these materials. The Act established an Environmental Protection Agency Program of interest free loans and grants of up to 50% percent of the abatement cost to assist schools to comply with the Asbestos-in-Schools Rules. Congress authorized $50 million for FY 1984 and 1985 and $100 million per annum for the subsequent five years to assist schools to abate asbestos health hazards.

Two years later, in 1986, Congress reemphasized its concern about exposure to asbestos hazards in schools and enacted the Asbestos Hazard Emergency Response Act. This statute required the nations's public and private schools to inspect buildings for all asbestos containing materials, develop and implement plans for the operation, maintenance and repair of such materials, and to take corrective response actions necessary to protect human health and the environment from asbestos hazards. All of these activities were required to be performed by state certified personnel. Schools were also required to provide training to custodial staff regarding the proper handling and maintenance of asbestos materials. These requirements have placed a heavy finanical burden on our nation's schools. Unfortunately, Congress did not authorize any funding to assist schools to comply with the requirements of AHERA. Apparently it was thought that the funding provided under ASHAA, in 1984, was sufficient to address the schools' asbestos problems. If Congress considers it a national priority to abate asbestos hazards in schools then it should also consider it a national priority to provide the necessary resources to assist all schools in complying with the Asbestos Hazard Emergency Response Act.

The ASHAA authorization and appropriations have proven to be inadequate to address the enormity of the asbestos problems in schools. Congress has provided less than $50 million per annum over the past seven years and even this amount has been reduced each year by the Gramm, Rudman, Hollings Budget Reduction requirements. Three hundred and fifty million over a seven year period is totally inadequate to address this problem.

The Environmental Protection Agency, in implementing the compliance requirements of AHERA, has projected that approximately 106,983 elementary and secondary schools nationwide will be affected. EPA has also projected that the potential estimated cost to schools for addressing the specific requirements of AHERA to be the following:

Total cost $3.145 billion

1. Inspections and sampling	$78.5 million
2. Development/Implementation of Management Plans	$1.27 million

3. Periodic Surveillance	$47.7 million
4. Reinspection	$23.2 million
5. Special Operations and Maintenance	$292.7 million
6. Abatement Response Actions	$1.43 billion [1]

Information which we have gathered through a survey of the 176 Catholic dioceses nationwide shows that EPA's estimated cost projections are extremely low and that the real projected cost to the nation's schools will be approximately twice that amount.

We base our projections on the actual cost of inspections and management plan development in 6626 Catholic elementary and secondary schools. Our survey (See Attachment A) indicates the following projected costs for abatement activities in those same schools:

Inspections	$7,051,991	
Management Plan Development	$32,034,705	
Projected cost of Abatement Activities		$390,782,519
Grand Total of Real and Projected Costs		$429,869,143

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[1] Federal Register/Vol. 52, No. 210/Friday, October 30, 1987, Page 4185

Projected cost of Abatement Activities	$390,782,519
Grand Total of Real and Projected Costs	$429,869,143

If these 6626 Catholic schools from 105 dioceses in 44 states and the District of Columbia can be regarded as a microcosm of the 106,983 elementary and secondary schools nationwide, the total cost to our nation's schools to comply with the requirements of AHERA would be $6,938,087,968 or more than twice the amount projected by the Environmental Protection Agency. This figure also closely corresponds to the estimate of $6 billion in a report released by the National School Boards Association in July, 1989.

The financial cost to the nation's schools to meet the requirements of AHERA are staggering beyond belief and fall upon poor, rural, inner city, and middle class suburban schools without exception. The public school community may meet some of the costs of these requirements by raising local or state tax levies or by floating local bond issues. Private and parochial schools must raise these funds as best they can by school "fund raising" activities or by borrowing from local lending institutions at premium rates of interest which further compounds their financial problems. Regardless of the source of these public and private school funds, they are resources which can best be used to enhance the education of our nation's school children.

Congress in enacting the Asbestos Emergency Response Act has imposed a tremendous financial burden on our nation's schools. It is incumbent, then, that this same legislative body provide adequate financial assistance to schools to enable them to meet their statutory obligations in this regard.

We urge this subcommittee to respond to the size of the asbestos hazard problem in our nation's schools by fully funding ASHAA at its authorized level of $125 million for FY'91.

Mr. Chairman, we respectfully request that our statement be included in the record of hearings on the FY'91 Appropriations Act.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

GARY GLENN, MASSACHUSETTS CENTERS FOR EXCELLENCE, CORP.

Mr. STOKES. Our next witness is Mr. Gary Glenn, Massachusetts Centers for Excellence, Corporation.

Mr. Glenn, we are pleased to welcome you here and have you testify before our committee.

We will put into the record the full text of your written statement, and you may proceed as you like.

Mr. GLENN. Thank you, Mr. Chairman.

Mr. Chairman, today, May 1, there is occurring a very dramatic and remarkable event in the Town of Harwich on Cape Cod, back in my State of Massachusetts. Today is the grand opening of the Harwich Solar Aquatic Septage Treatment Facility.

Each of the six words in that title, that are embossed on the invitation are meaningful. Harwich is a small coastal town that has had the courage to fight against unenlightened bureaucracies, and I have to say that those are bureaucracies in my own state, in order to test whether or not man and nature, working in harmony, can solve major environmental problems.

The word is solar, and I share what Mr. Sklar said a few moments ago about the importance of solar energy in dealing with waste water problems. We use this as a key source of energy in the facilities that we have in Massachusetts that are dealing with this area.

Aquatic, meaning that we rely on water based plant and animal life to transform waste water poisons into usable products. Septage is one of the most difficult waste water products to deal with, as I am sure you are aware. And treatment facility, representing the fact that we have actually made progress on constructing a facility which the Town of Harwich is going to count on to deal with its waste water problems.

The solar aquatic system that is being in augmented today and which we also are building in other towns in Massachusetts removes both nutrients and toxic substances from polluted water by channeling it through a series of translucent cylindrical tanks placed in rows inside a greenhouse.

These are exposed to sunlight and contain a carefully designed progress of bacteria, algae, snails and fish. Waste water is pumped into the first tank where microscopic bacteria attack or consume organic matter, thus causing their populations to grow. Aglae thrive on the nutrients released by the bacteria, and they increase.

Snails consume the algae and the cycle goes on, all the while transforming the waste water. Further on, different varieties of plants are grown on the surface of the water, allowing their oxygen rich roots to fall beneath the surface where snails and higher organisms can graze.

In the last tank, fish, such as tilapia and bass swim around in clear water. I should say it is unusual for us in the middle of winter to see them swimming around in Massachusetts, but it is true.

By emanating the way nature purifies water more effectively and thoroughly, solar aquatics represents a more dramatic departure from conventional methods. I should just say parenthetically here that the system sounds simple, but in fact it is extremely complicated and it is only possible to achieve this kind of fishery today because of recent breakthroughs in microbiology, plant science, pathology, and so forth. And in Massachusetts we have counted very heavily on the insights of scientists at MIT, and at Harvard to make this a real possibility.

I am proud to say that the Massachusetts Centers for Excellence Corporation, which is a state agency in Massachusetts, has enabled this technology to get started.

We provided initial funding for research and for setting up a pilot facility on Cape Cod two years ago. Since then we have continued to provide financial support to the best of our ability.

Now, so that the solar aquatic process can be used anywhere in the country, we need to test the process under different climatic waste sources and operating conditions, but the ability to do that is beyond our funding capacity.

For that reason, the States of Massachusetts and Ohio are requesting the support of this committee in obtaining funding from EPA so that comparable pilot plants can be set up and operated.

An analysis and comparison of results from the facilities will enable the scientists and engineers to develop parameters for broad application of the solar aquatic technology to most areas of the United States. I ask for the committee's permission to supplement my testimony with articles on the solar aquatic project from the September 18th, 1989, issue of the Business Week, and from the June 15th, 1989 issue of the Cape Cod Chronical.

Thank you, Mr. Chairman.

Mr. STOKES. Well, Thank you you very much. We certainly appreciate this very interesting testimony that you have just given us here.

I was just looking at the additional articles you submitted to us to get a little better feel for what you have brought to our attention. I was just looking at one here the Harwich Solar Aquatic Project brings Dr. Todd Award, which is interesting also.

Mr. GLENN. Yes. He is a true renaissance man, Mr. Chairman, a person with great talent and ability and great foresight.

He is there, I wish I could be there myself today, but he is the one that is augmenting this new plant.

Mr. STOKES. Well, it was certainly interesting and we appreciate your bringing it to the attention of the subcommittee.

Thank you.

Mr. GLENN. Thank you very much.

[The statement of Mr. Glenn follows:]

TESTIMONY
TO THE
SUBCOMMITTEE ON VETERANS AFFAIRS, HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

May 1, 1990

BY

Gary A. Glenn
Deputy Director
Massachusetts Centers of Excellence Corporation

Mr. Chairman, today, May 1, 1990, there is occurring a dramatic and remarkable event in the town of Harwich, on Cape Cod. Today is the grand opening of the Harwich Solar Aquatic Septage Treatment Facility. Each of the six words in the title, embossed on the invitations, is meaningful. Harwich, a small coastal town has had the courage to fight against unenlightened bureaucracies and nay-sayers in order to test whether or not man and nature, working in harmony, can solve major environmental problems. Solar - the pure, unadulterated energy of the sun is used in this facility as a source of power and strength. Aquatic, meaning that we rely on water-based plant and animal life forms to transform wastewater poisons into usable products. Septage - one of the most difficult wastewater products to deal with. And "treatment facility," representing the progress that has occurred in marrying natural plant and animal processes to real world technological problems.

The purpose of the solar aquatic project is to treat wastewater and its by-products by using only natural processes of sunlight, plants and animals in a carefully balanced ecosystem. Untreated or inadequately treated sewage, septage and sludge have become one of the world's most pressing problems, causing the contamination of drinking water supplies and coastal marine waters. This is a particularly acute problem in the U.S. because of our high rate of consumption and our "throw-away" mentality. However, the demand for environmental protection is growing, and new methods for dealing with the protection of our waters are needed. Nowhere is this more evident than on Cape Cod which depends on a sole source aquifer for its drinking water and on unpolluted coastal waters for its fishing and recreational industries.

The solar aquatic system removes both nutrients and toxic substances from polluted water by channeling it through a series of translucent cylindrical tanks placed in rows inside a greenhouse that are exposed to sunlight and contain a carefully designed progression of bacteria, algae, snails and fish. Wastewater is pumped into the first tanks where microscopic bacteria attack or consume organic matter, thus causing their populations to grow. Algae thrive on the nutrients released by the bacteria, and they increase. Snails consume the algae, and the cycle goes on, all the while transforming the wastewater. Further on, different varieties of plants are grown on the surface of the water, allowing their oxygen-rich roots to fall beneath the surface where snails and higher organisms graze.

In the last tanks fish such as tilapia and bass swim around in clean water. By imitating the way nature purifies water, only more quickly and thoroughly, solar aquatics represents a dramatic departure from conventional methods.

The solar aquatic wastewater project is truly revolutionary - not only because it uses new and unexpected ways of treating wastewater, but also because it asks all of us as citizens to change the way we think about what "waste" means. The traditional and current method of dealing with the vast quantities of wastewater produced by our homes and businesses is to add chemicals to kill the potentially toxic organisms and to neutralize the toxic inorganic chemicals. Thus, every major city in America has at least one and often several major "treatment plants" that attempt to kill and/or neutralize wastewater toxicity. These plants use the same kind of approach that farmers use with unwanted bugs (applying chemical pesticides) or governmental units use with solid waste (burning it or dumping it in the ocean or filling the land with it). The principle behind the solar aquatic wastewater project is deceptively simple: let nature take care of breaking down the toxins in wastewater in its own way, that is, with natural organisms including microbial life forms, plants, and animals, using sunlight as a power source. In practice, however, this kind of process could not have been achieved without the breakthroughs in microbiology, plant science and pathology, biotechnology, and ecology/environmental science that have occurred in recent years. It is also revolutionary that a partnership among state government, the academic community, and the private sector agreed to undertake such an innovative concept, despite the reluctance of the traditional wastewater treatment engineering community, the companies that rely on existing technologies, and the governmental bureaucracies which are by nature conservative in their approach to problem solving.

I am proud to say that the Massachusetts Centers of Excellence Corporation has played a central role in helping this technology get started. We provided initial funding for research and for setting up a pilot facility on Cape Cod two years ago. Since then we have continued to provide financial support to the best of our ability. Now, so that the solar aquatic process can be used anywhere in the country, we need to test the process under different climatic, wastesource, and operating conditions, but the ability to do that is beyond our funding capacity. For that reason, the states of Massachusetts and Hawaii are requesting the support of this committee in obtaining funding from EPA so that comparable pilot plants can be set up and operated. An analysis and comparison of results from the facilities will enable the scientists and engineers to develop parameters for broad application of the solar aquatic technology to most areas of the United States. We are requesting $1.25 million for 1991 from EPA.

I ask for the Committee's permission to supplement my testimony with articles on the solar aquatic project from the September 18, 1989 issue of Business Week, and from the June 15, 1989 issue on The Cape Cod Chronicle.

Thank you.

Science & Technology

ENVIRONMENT

THIS GREENHOUSE EFFECT JUST MIGHT BE GOOD FOR US

Solar-powered aquatic gardens can transform raw sewage into clean drinking water

Clad in L. L. Bean blue jeans and a white T-shirt, John H. Todd smiles into the sunlight flooding his new greenhouse. Rows of clear plastic water-filled tanks, each brimming with a deep green mixture of plants, algae, and bacteria, fill the air with the sweet smell of fresh flowers. But the plants in Todd's aquatic garden are not for sale. They are helping produce 20,000 gallons of clean water a day from Providence's raw sewage.

TODD'S GREENHOUSE IN PROVIDENCE: "IT'S A SPACE-AGE APPROACH TO THE PURIFICATION OF WATER"

"It's a space-age approach to the purification of water," says Todd, pointing out the contrast to a pungent municipal treatment plant a few hundred feet upwind. Trailing his fingers in the murky water, he rattles off a rapid-fire description of his system. Waste, flowing from one tank to another, is broken down in stages by bacteria and algae into nutrients that are digested by aquatic plants. The tanks are home to 200 plant species, some two dozen kinds of fish, and myriad microorganisms. By the time the waste water reaches the final tanks, it's crystal clear. The sun powers the system—hence the name: solar aquatic waste-water treatment.

COPYING NATURE. For Todd, the July opening of the Providence greenhouse was the payoff for years spent studying the way nature cleanses itself. In 1969, he and several other scientists working at Woods Hole Oceanographic Institute in Massachusetts founded the New Alchemy Institute, a nonprofit center to study water purification. Recently, Todd's search was spurred by an alarming rise of cancer rates in Falmouth, Mass., where he lives with his wife and children. "Treating sewage with chlorine and aluminum salts makes the water unacceptable for drinking and poisons the earth when you put the solid wastes in a landfill," he says, echoing a growing environmentalist opinion. "That was a problem I couldn't get out of my mind."

Now, Todd's natural approach is starting to draw wider interest. For one thing, there are no more government funds for expensive conventional treatment facilities. By next year, the Environmental Protection Agency (EPA) will have made its last outright grant, a combination of federal and state funds that once covered as much as 97% of a facility's cost. That means communities themselves will have to raise the money for construction—as much as $200,000 per household.

In addition, amendments to the Clean Water Act have tightened standards for water quality, forcing expensive and sometimes impractical alterations to conventional treatment plants. In Western states, there's even a shortage of water itself. San Diego, for instance, imports 90% of its water—and not surprisingly is a pioneer in alternative waste-water technologies that yield potable water.

Many communities have become receptive to such technologies as solar aquatics that might provide a cheaper, cleaner alternative. Todd's first test facility, a small greenhouse built in 1987 to treat sewage from a Sugarbush (Vt.) ski resort, ran for two years, gathering enough evidence to convince state authorities that the technology worked.

Citizens of Harwich, Mass., where Todd built his second demo site last summer, were so impressed that they approved a plan for a one-acre greenhouse that will eventually treat ~~5,000~~ gallons of raw septic-tank waste per day. The greenhouse, which is scheduled to begin operating next spring, will cost $8 million to build—about one-fourth the cost of a new conventional facility nearby—and only $250,000 a year to operate.

CAUTIOUS KUDOS. With Harwich signed on, Todd decided it was time to take his research commercial. Last fall, he and a Woods Hole colleague, Susan B. Peterson, founded Ecological Engineering Associates. So far, three investors have put in about $3 million to fund the construction of more pilot sites. On the agenda: a

25,000 is the correct number

[redacted]

facility to treat boat waste for Marion, Mass., and perhaps a small greenhouse fon the 50-person Illinois headquarters of cartoonist Jim Davis.

So far, Todd's efforts have drawn a mixed response. In June, the new technology won him a medal from the New England regional office of the EPA. "It's precisely the kind of approach we need to encourage," says Michael R. Deland, chairman-designate of the President's Council on Environmental Quality.

Other regulators are a bit more reserved. Todd has already fended off a suit in Massachusetts, where he built a pilot plant without obtaining a permit. In each state, he'll have to start from scratch to win regulatory approval of his technology.

Nor have the precise costs of solar aquatic treatment been worked out to the satisfaction of many engineers. In San Diego, which has been experimenting since 1981 with a solar aquatic system that uses ponds instead of a greenhouse, the latest phase is expected to cost $15 million—for a project to treat only 0.5% of the city's water. "There are no hard numbers," says Thomas Chadwick, a consulting engineer with Nolte & Associates in San Diego. He estimates that solar aquatics costs about 10% less than conventional systems.

SNAGS LURK. But Chadwick sees other problems with using complex ecosystems to treat waste water. For one, the toxic material concentrates in the plants, which have to be weeded out and disposed of in landfills. Also the solar aquatic system can get backed up: "There are elements in the waste, like plastics and metals, that take a long time to be broken down," says Chadwick. Even Todd admits that the systems are delicate. Twice, the Sugarbush installation was inundated with wastes it couldn't handle, distorting the system so much that Todd lost two months of data.

But he wasn't deterred. At the Providence greenhouse, a team of 14 scientists is gathering data and refining the mix of plants in the tanks. For example, they have added bulrushes to absorb toxic heavy metals, such as cadmium. For the Marion marina facility, the group is experimenting with plants that grow in salt water to replace the water hyacinths used in freshwater systems.

Alternative treatment facilities had better come quickly. There are many communities without sewage systems, where waste poured into septic systems and landfills is seeping into the water table. "I want a world that's safe for me and my children," Todd says. If he can do that and make a little money on the side, so much the better.

By Laura Jereski in Providence

Harwich solar aquatics project brings Dr. Todd award

by William F. Galvin

HARWICH- The emerging solar aquatics technology used in this community last summer as a means to purify septage waste is receiving praise on the national level, while efforts are still underway within the state bureaucracy to gain permission for a new prototype system for this summer.

Dr. John Todd of Ocean Arks International, the nonprofit corporation tied to Ecological Engineering, Inc., which is now developing a prototype system, next week will be awarded The 1989 Environmental Merit Award from the federal Environmental Protection Agency for his pioneering work in developing solar aquatics.

"I'm very, very pleased," said Dr. Todd of the announcement. "It's an indication solar aquatics is being recognized as significant and pioneering. It is good to know on an official level the work is being appreciated and understood."

The award will be presented to Dr. Todd on June 22 by the federal EPA's new administrator William K. Reilly and regional administrator Michael Deland. It is being presented for the septage waste water purification system set up in the town last summer. The system was called an environmentally safe and natural method of cleaning waste waters.

While Dr. Todd will be honored at the Parker House in Boston next week by federal officials, Ocean Arks International plans to continue battle with the state Department of Environmental Quality Engineering over a $5,000 fine assessed against the research group for not having state permission to establish that pilot project.

"We are going to continue to appeal that fine," Dr. Todd told *The Chronicle*, "because it was always my belief the letter from the Boston office (of DEQE) was an authorization to proceed if we were to get anything done in 1988."

Ironically, had not the pilot project commenced in Harwich last summer, Dr. Todd would not be getting this award next week.

The award comes at a critical time for the town. Last week state environmental officials and the state Attorney General's Office identified Harwich as one of the "dirty dozen" communities within the commonwealth because of conditions at its septage lagoons, only to have that assessment retracted by the state.

"If we're on top of the list of environmental bad guys, the state must be in good shape," stated Sandra Daniels Chairman of the Board of Selectmen of the town's brief tainting by state officials.

The town recently agreed to pay a $6,000 fine issued by DEQE for not having addressed an administrative order requiring an action plan at the town's septage lagoons.

Board of Health Chairman Shirley Gomes said the pilot solar aquatics project was an effort to address the administrative order and participate in experimental technology.

WILLIAM F. GALVIN PHOTO

Dr. John Todd

"We're not putting money into plans, but into cleaning our water," said Gomes of the measures taken during the past year by the town. "This is an efficient and inexpensive means to treat waste water."

Gomes said she was very pleased with the announcement of the award and added it reinforces the confidence her board has had in Dr. Todd and solar aquatics. She added this recognition should also reinforce solar aquatics in the view of the community.

Dr. Todd called the timing of this award "serendipitous." Voters are scheduled this Monday to go to the polls to vote on 27 expenditures needing either Proposition 2½ overrides or debt exclusion approval. Among those is $240,000 to operate a prototype solar aquatics system for one year.

Gomes pointed out a recent report issued by Nolte Associates, nationally recognized environmental consultants, confirms the success of solar aquatics and the federal recognition strengthens that position.

"It tends to validate it (solar aquatics)," stated Daniels.

As for Dr. Todd, he could only speculate how he was chosen for the EPA award. He said either the EPA came to the decision by reading various technical journals; or through Deland, who along with his staff, has been following the technology for some time.

Dr. Todd said he knows nothing about the award ceremony, "I'm just going to turn up there."

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

JAMES GRANT, EXECUTIVE SECRETARY, NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE

MR. WANTO, NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE

Mr. STOKES. Next witness will be Mr. James Grant, from the National Association of State Departments of Agriculture.

Mr. Grant?

Mr. GRANT. Good morning, Mr. Chairman.

Mr. STOKES. Good morning, sir.

Pleasure to have you here before the subcommittee this morning.

We will insert in the record the full text of your written statement, and you may proceed as you like.

Mr. GRANT. Thank you, Mr. Chairman.

I am James B. Grant, Executive Secretary of the National Association of State Departments of Agriculture, and accompanying me today is Mr. Wanto, my associate.

The EPA/State Cooperative Agreements for Certification and Training of Pesticide Applicators, as well as for Inspection and Enforcement of Pesticide Use Regulations, are essential to ensure that pesticides are used appropriately by knowledgeable people.

Public confidence and perception in the use of pesticides need to be restored. Food safety, worker protection and environmental and agricultural concerns are issues the states and EPA must continue to address cooperatively by ensuring appropriate use of pesticides. Government action to enhance state level programs to ensure safe use of pesticides is a positive step in restoring a measure of public confidence in the regulatory system.

Approval of the increases requested in the Environmental Protection Agency budget to support state programs is critical to state agencies. In cooperation with our association, the American Association of Pesticides Control Officials completed a survey of state financial records in 1989, including EPA cooperative agreement funds utilized for pesticide enforcement, certification and training for programs in the states.

Thirty-nine state lead agencies for pesticide programs and 32 state cooperative extension services responded to the survey, which covered existing future funding for the current pesticide programs and future funding needs for ground water, worker safety, endangered species, pesticide disposal and updating of applicator certification requirements.

I will provide a copy of the report for the staff of the committee.

It is quite lengthy, and I don't think it needs to be in the record, but I think it would be very helpful for the committee to have that.

Mr. STOKES. We will be pleased to have you do that.

Mr. GRANT. We are pleased that EPA is requesting additional funds in 1991 for state EPA cooperative agreements, especially because of the previously mentioned new pesticide program requirement, which the states must begin implementing this fiscal year.

The $25.4 million used for fiscal year 1990 state EPA programs and the addition of $5 million in fiscal year 1991 for an expansion of the 1990 activities, a total of $30.4 million, will be essential in continuing and expanding the 1990 programs.

EPA funds for pesticide enforcement certification and training have virtually remained the same from fiscal year 1979 to fiscal year 1989, except for small increases in fiscal year 1989. States in the 1980's provided 77 percent of the funds for pesticide enforcement. EPA provided only 23 percent.

States provide 75 percent of the pesticide certification and training funds, and EPA provides 30 percent.

With the increases in fiscal year 1990 and the proposed increases in fiscal year 1991, EPA will be providing the states a greater share of the support for the cooperative pesticide program. However, states still will be supplying the majority of these programs.

The total state and federal funding projected by the states for continuation of pesticide enforcement, certification and training programs in fiscal year 1991 was $60.9 million.

The total funding projected for continuing the 1990 programs is $23 million. Based on the AAPCO survey that I mentioned, the total projected funding for current and new priority programs is $83.9 million.

Applying the AAPCO survey results from 39 responding states to all 50 states, strongly confirms the need for continuation of the $25.4 million and the addition of $5 million requested in fiscal year 1991. We also want to point out that a further increase in funding will be necessary for pesticide and pesticide container disposal and changes in pesticide certification when new and updated standards for these programs are made final by EPA.

States have general barriers of financial burden of pesticide regulation and education. In summary, Mr. Chairman, we believe the states are carrying the major financial burden of administering pesticide regulatory programs in this country to the extent of more than 70 percent of the total cost.

Although EPA has increased its funding for these programs in fiscal year 1990 and 1991, it remains at a minimal level.

It is important that EPA's responsibility be continued and that Congress provide additional funds for any new or expanded pesticide programs it enacts for implementation by the states. We strongly support EPA's request of $30.4 million for current programs and increase funding for any new pesticide programs in fiscal year 1991.

I thank you for the opportunity to be here, Mr. Chairman, and would be happy to respond to any questions.

Mr. STOKES. Thank you, Mr. Grant, for your testimony here.

How long have you been in the capacity of Executive Secretary?

Mr. GRANT. Nineteen years.

Mr. STOKES. Is that right?

Mr. GRANT. Yes, sir.

I came the same year that EPA came.

Mr. **Stokes**. That is quite a while.

Well, you have certainly given us some excellent testimony here and we appreciate your appearance very much.

Mr. **Grant**. Thank you, sir.

Mr. **Stokes**. Thank you.

[The statement of Mr. Grant follows:]

Testimony of
James B. Grant
Executive Secretary of the
National Association of State Departments of Agriculture
before the
Subcommittee on VA, HUD and Independent Agencies
Committee on Appropriations
U.S. House of Representatives
May 1, 1990

Mr. Chairman and members of the subcommittee, I am J.B. Grant, Executive Secretary of the National Association of State Departments of Agriculture (NASDA). I am pleased to make this statement on behalf of NASDA and the Association of American Pesticide Control Officials (AAPCO).

The EPA/State Cooperative Agreements for Certification and Training of Pesticide Applicators, as well as for Inspection and Enforcement of Pesticide Use Regulations, are essential to ensure that pesticides are used properly by knowledgeable people. Public confidence and perception in the use of pesticides needs to be restored. Food safety, worker protection, environmental and agricultural concerns are issues the states and EPA must continue to address cooperatively by ensuring proper use of pesticides. Government action to enhance state-level programs to ensure safe use of pesticides is a positive step in restoring a measure of public confidence in the regulatory system. Approval of the increases requested in the Environmental Protection Agency budget to support state programs is critical to state agencies.

Historically, these cooperative programs have been underfunded in terms of federal grants; now EPA is launching significant new initiatives that will require additional state-level efforts in the coming years. For example, EPA's groundwater strategy will require states to devote new or expanded resources to assess groundwater resources in detail, in order to develop state management plans tailored to local conditions. EPA's endangered species and worker protection programs also will become effective in fiscal year 1991; both will require increased state efforts to provide appropriate training to the affected user community. All three of these initiatives will require state agencies, which traditionally have had the lead responsiblity for pesticide regulation, to establish new institutional links with other state agencies having relevant responsibilities for water quality, fish and wildlife management and worker protection. Current EPA appropriation requests are meant to support these needs for future development, and we are pleased to see the agency requesting additional funds that will be essential to meet these increased responsibilities.

In cooperation with NASDA, AAPCO completed a survey of state financial resources in 1989, including EPA Cooperative Agreement funds utilized for pesticide enforcement, certification and training programs in the states. Thirty-nine state lead agencies for pesticide programs and 32 state cooperative extension services responded to the survey, which covered existing future funding for the current pesticide programs and future funding needs for groundwater, worker safety, endangered species, pesticide disposal and updating of the applicator certification requirements. I will provide the committee with a copy of this report at the conclusion of my testimony.

We are pleased that EPA is requesting additional funds in fiscal year 1991 for the State/EPA Cooperative Agreements, especially because of the previously mentioned new pesticide program requirements, which the states must begin implementing this fiscal year--1990. The $25.4 million used for the FY 1990 State/EPA programs and the addition of $5 million in FY 1991 for an expansion of the 1990 activities--a total of $30.4 million--will be essential in continuing and expanding the 1990 programs.

EPA funds for pesticide enforcement, certification and training have virtually remained the same from fiscal year 1979 to fiscal year 1989, except for small increases in fiscal year 1989. States in the 1980s provided 77 percent of the funds for pesticide enforcement; EPA provided only 23 percent. States provide 70 percent of the pesticide certification and training funds and EPA provides 30 percent. With the increases in FY 1990 and the proposed increased in FY 1991, EPA will be providing the states a greater share of support for the cooperative pesticide programs. However, states still will be supplying a majority of funds for these programs.

The total state and federal funding projected by the states for continuation of pesticide enforcement, certification and training programs in fiscal year 1991 is $60.9 million. Total funding projected for continuing the 1990 programs is $23 million. Based on the AAPCO survey, the total projected funding for current and new priority programs is $83.9 million. Applying the AAPCO survey results from the 39 responding states to all fifty states strongly confirms the need for continuation of the $25.4 million of EPA funds and the addition of $5 million requested in fiscal year 1991.

We also want to point out that a further increase in funding will be necessary for pesticide and pesticide container disposal, and changes in pesticide certification, when new and updated standards for these programs are made final by EPA. States are generally bearing the major financial burden of pesticide regulation and education. Increasing demands on state funds make it very unlikely that any significant increases in state funding for pesticide programs will be forthcoming in the future. Therefore, the enactment of expanded and new pesticide regulatory programs at the federal level, without concurrently providing funding to the states for implementation of these programs, must be recognized.

In summary, NASDA believes the states are carrying the major financial burden of administering pesticide regulatory programs in this country to the extent of more than 70 percent of the total cost. Although EPA has increased its funding for these programs in fiscal years 1990 and 1991, it remains at a minimal level. It is important that EPA support be continued and that Congress provide additional funds for any new or expanded pesticide programs it enacts for implementation by the states. NASDA strongly supports EPA's request of $30.4 million for current programs and increased funding for any new pesticide programs in fiscal year 1991.

I appreciate the opportunity to appear before you on this matter and urge the subcommittee to recommend approval of EPA's increased budget request for fiscal year 1991. Additional state grants in the fiscal year 1991 budget are essential to maintaining the states' role as credible regulators in a period of increased public concern about the safe use of pesticides.

RA/cg
4/26/90

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

DR. RON OLSON, ASSOCIATION OF UNIVERSITY ENVIRONMENTAL HEALTH SCIENCE CENTERS

Mr. **STOKES**. Dr. Ron Olsen, Association of University Environmental Health Science Centers, EPA.

Dr. Olsen, it is nice to welcome you here this morning, have you before our subcommittee. We will insert into the record the full text of your written statement and you may proceed as you like.

Mr. **OLSEN**. As we all know, Mr. Chairman, the past several years have been marked by an increased concern and interest in the environment by a large cross section of society, including individuals from all walks of life.

Such concerns may reflect the increased visibility of pollution problems highlighted by the popular press. Not only are there numerous sites widely distributed, but there is great concern for possible health effects on residents abiding in environs of these sites.

Unfortunately, such concerns, in some, but certainly not all instances, are based on conjecture rather than solid scientific evidence. The perception by the general public is that we are confronted by enormous problems with broad implications for which technological solutions need only be applied.

There is, therefore, in some instances a disparity between expectations and the ability to meet such expectations. The Superfund amendments and reauthorization act of 1986, SARA, established a university based basic research and education program administered through the National Institutes of Health, NIEHS.

Although this program accounts for a very small fraction, less than 1 percent, of total Superfund dollars expended annually, the benefits from this program may serve both an important technical need and also provide factual information to clarify concerns developed from conjecture.

There is a synergy developing between NIEHS supported research centers and other federal and state research programs. Let me illustrate this with a brief description of our activities in the State of Michigan, which I think typifies similar developments in other research centers.

At the University of Michigan and Michigan State, scientists are collaborating on the research on the contamination of ground water with volatile organic compounds from leaking waste storage sites including possible hazards to human and health and new methods of treatment of contaminated soils and groundwater.

Biomedical research is directed towards the mechanisms by which these VOC cause alterations, in the function of specific cells and organs. The overall results of this research are being used to assess new re-mediation processes being developed.

These projects could include studies of the use of microorganisms to degrade VIC and the engineering aspects of biodegradation processes. Again engineering techniques are being used to assess and improve the degradation capacity of select microorganisms.

These NIEHS projects, significant in their own right, however, constitute only part of the work being done by a consortium formed between University of Michigan and Howard Universities.

Other funding sources have been developed to put together over $12 million towards research on these efforts over the three year term of the grant. The job is too large for a single agency, and it is the combined effort that will result in the development of the appropriate techniques, although adequate funding of just one of these components will only help a little bit.

The whole process will be impeded if one of the latch pins are not funded. In summary, there remains an enormous amount of research to be done by the scientific community to address adequately what is perceived to be a national problem of large dimensions.

Currently, however, in NIEHS Superfund program is operating in a budget considerably reduced from that authorized by Congress.

The projected budget for the next fiscal year also will reflect significantly less available resources on originally envisaged by Congress. This is unfortunate, since such short falls in funding have a direct effect on the productivity on researchers engaged in Superfund activities.

Not only will the development and verification of appropriate technology minimizing health effects be impeded, but also planned activities centered on training and education of workers at Superfund sites will be diminished. The combination of these circumstances may reduce the overall effort of the program to a sub-critical mass, thus engaging the probability of the successful completion of the Superfund research objectives.

We strongly urge Congress to carefully consider the consequences of such a diminished effort. Major research contributions do not result from the piecemeal effort of short duration. We urge that you restore funding to the authorizing level of $35 billion.

Thank you Mr. Chairman. I would be pleased to answer any questions you may have.

Mr. STOKES. Thank you, Dr. Olsen.

We certainly appreciate the excellent testimony you have given. As you know, the committee last year funded this project and demonstrated its support for it, and we can recognize certainly a great need for it.

Again, this is another one of the areas where it is the full budget constraint that comes into play that we have to be mindful of, but certainly with support of the type of things you have talked about here. So we appreciate very much your appearance.

Mr. OLSEN. I would like to thank you for helping us with the general research institute a few years back, I don't know if you remember, but your contributions in saving the research institute are not forgotten.

[The statement of Mr. Olsen follows:]

TESTIMONY BEFORE VA, HUD AND INDEPENDENT AGENCIES SUBCOMMITTEE

May 1, 1990

Ronald H. Olsen, Ph.D.
Professor of Microbiology and
Associate Vice President for Research
Department of Microbiology and Immunology
The University of Michigan Medical School
Ann Arbor, MI 48109

(313) 764 4380

TESTIMONY BEFORE VA, HUD AND INDEPENDENT AGENCIES SUBCOMMITTEE, May 1, 1990

Ronald H. Olsen
Professor of Microbiology and
Associate Vice President for Research
The University of Michigan Medical School
Ann Arbor, MI 48109
(313) 764 4380

The past several years have been marked by an increased concern and interest on the part of the general public in environmental issues. This interest now represents concerns by a large cross section of society including individuals from all walks of life. Such concerns may reflect the increased visability of pollution problems highlighted by the popular press. Not only are there numerous sites widely distributed, but there is great concern for possible health effects on residents abiding in the environs of these sites. Unfortunately, such conerns, in some instances, are based on conjecture rather than solid scientific evidence.

The perception of the problem by the general public is that we are confronted by an enormous problem with broad implications for which technological solutions need only be applied. There is therefore, in many instances, a disparity between expectation and the ability to meet such expectations.

The Superfund Amendments and Reauthorization Act of 1986 (SARA) established a university-based basic research and education program administered through National Institutes of Health (NIEHS). Although this program accounts for a very small fraction of total Superfund dollars expended annually, the benefits from this program may serve both an important technical need and also provide factual information to clarify concerns developed from conjecture. Moreover, inherrent in this program, is the opportunity to bring all parties to the problem into the development of technical solutions through interdisciplinary research activities focusing on the salient aspects of the management and remediation of the "superfund" sites. There seem to be several features of this activity which are the focus of scientific/technological and societial concerns: the fate of pollutants, their possible effects on human health and the native ecology and what regulatory practices should be initiated to minimize current danger and future incidence of such sites. The broadly based NIEHS research programs address these issues.

Knowledge concerning the complex relationships among hazardous substances in the environment and their possible effects on human health is in its infancy. Limited data is available on how such substances may be altered as they migrate through the soil, water or air and how they may enter the food chain. Analagously, the knowledge base concerning the contribution to human disease of these compounds is sparse. The university community recognized this and responded enthusiastically to the NIEHS program announcements of opportunities to contribute to the solution of the problem of hazardous waste. Out of this peer reviewed research program has emerged relevant and focused research activities designed to fill gaps in the overall management of the problem. This process not only resulted in the emergence of excellent research, but also facilitated the development of priorities for research. A synopsis of some of the major research activities in this regard is as follows:

University of Arizona. Chemical treatment to detoxify contaminants in groundwater, membrane treatment options, hydrogeology as it affects migration of groundwater contaminants, and migration of metals from sources in goundwater are the focus of studies in this project.

The University of California at Berkeley. Researchers at this institution have discovered the fate of benzene and are developing bio-markers to make correlations between exposure and possible toxic effects of this compound. A toxic metabolite of styrene has also been identified in the blood of humans exposed to this compound as a consequence of their occupation. Researchers at this institution are also engaged in the characterization and quantification of transport, cleanup and the destruction of volatile organic compounds at hazardous waste sites. The long-term object here is to develop methods for characterizing chemical exposure and the prevention of adverse health effects by either medical or engineering interventions.

The University of California at Davis. The objective is to develop biomarkers to xenobiotic agents and then to use these biomarkers to assess health risks, primarily reproductive, associated with toxic waste sites. Hormonal and immunologic assays have been developed that mirror ovarian function. Computer assisted methods of analyzing sperm have been refined. These model systems are now being employed in exposed human populations. This work provides a focus for parallel studies in both animals and humans; it should provide insight on which species most closely model humans in sensitivity to reproductive toxicants. Engineering studies are also being done which focus on factors affecting soot formation resulting from the incineration of benzene and chlorobenzene.

University of Cincinnati. Here researchers are developing methods for the microbial degradation of toxic organic substances found in hazardous waste sites. Projects include the genetic engineering of microbes capable of metabolizing organic chemicals such as dioxin and hexachlorobenzene and the isolation and cultue of microbes active in aerobic degradation of dyes. The College of engineering is collaborating on the development of new bioreactors to be used in the degradation process.

Massachusetts Institute of Technology. Scientists have developed new technologies in analytical chemistry and genetics to answer the questions: which hazardous substances can be bound to hemoglobin in human blood cells and which are responsible for genetic changes in human blood cells? Using these new technologies, researchers now are examining the formation and escape of human cell mutagens during incineration of liquid wastes encountered in storage and disposal sites. Several different methods of incineration are being evaluated for health hazards. In addition, a chemical/mutagen reconnaissance using advanced analytical technology of the surface and ground waters of the Aberjona River Basin, a heavily populated watershed near Boston, is ongoing.

Michigan State University/University of Michigan. Here scientists are collaborating on research on contamination of groundwater with volatile organic compounds (VOCs) from leaking waste storage sites, including potential hazards to human health and new methods for treatment of contaminated soils and groundwater. Biomedical research will be directed toward the mechanisms by which VOCs cause alterations in the function of specific cells and organs. The results will be used to assess new remediation processes that will be developed by the associated ecoengineering projects. These projects include studies of the use of microorganisms to degrade VOCs and the engineering aspects of biodegradation processes. Genetic engineering techniques will be used to assess and improve the degradation capacity of selected microorganisms.

New York University. Here the biomedical projects seek to develop assays that detect low-level toxic exposure in blood, hair follicle cells, and other noninvasive sampling media. The engineering studies will focus on how metals move in soils and how soil bound chemicals become available to humans. The ecology projects will study the use of bacteria in detoxifying Superfund sites and also study the immune function of fish as an index of exposure and biological damage.

State University of New York at Albany. Rsearchers will study an American Indian population downstream from a PCB-contaminated site. In addition to looking at neurobehavioral measures in the people, the investigators will examine the hydrogeology of migration of contaminants from the dump site.

Texas A & M University. The long-term objective is to develop and validate model systems that define the toxicological characteristics of environmentally important types of hazardous waste, namely oily or wood-preserving chemicals. The program is unique in that it targets specific types of complex mixtures.

Utah State University. Researchers are examing the use of the white rot fungi to degrade a variety of toxic organic chemicals in soil and liquids, including DDT, PCB, dioxin, lindane, benzpyrene, and 2,4,5-T. This method may prove to be useful in environmental pollution situations, because the system can degrade components of complex mixtures, such as coal tar and creosote.

There is synergy developing between NIEHS supported research centers and also among various Federally and State funded research programs. For example, this year meetings have been scheduled with participation by relevant scientists focused on topical aspects of the overall NIEHS program. A meeting, "Biodegradation of Hazardous Wastes" was convened at Utah State University April 9-10, 1990 and another entitled "Assessment of Human Exposure to Chemicals from Superfund Sites" is scheduled for June, 1990 at Michigan State University. Such meetings promote cooperation and sharing of research data by scientists doing related work and lead to speedy development of new ideas while avoiding duplication of effort. Some of the participating institutions also have major programs addressing other aspects of hazardous waste management which are parts of other federally funded research initiatives. These research programs often include university investigators participating in NIEHS programs. This promotes broader and more intense research programs than might be possible with support of a research laboratory or groups of interdisciplinary researchers by a single agency.

For the present and the future, the NIEHS has identified the following information gaps and research needs which should be filled in order to improve the capability of the Environmental Protection Agency (EPA) to select and implement effective and permanent remedies at Superfund sites and to assure safe management of licensed RCRA disposal operations:

1. Methods and technologies to detect hazardous substances in the environment.

a. Studies on the effects of chemicals on food webs, particularly the primary paths of flow of hazardous substances through and within webs including the study of mobilities of organisms in the food web that might disperse toxics.

b. Study the hypothesis that soil-gas transport of volatile organic compounds may contaminate soil and vent these gases into homes and that such transport is an important route of exposure to humans in houses near hazardous waste sites.

c. Determine the importance of specific biological, physical, and chemical factors in determining microbial biocolloid transport through subsurface media. This is an important question frequently asked with espect to in situ important question frequently asked with espect to *in situ* biological treatment of subsurface contaminants.

2. Advanced techniques for the detection, assessment, and evaluation of the effects on human health of hazardous substances/methods to assess the risks to human health presented by hazardous substances.

a. Study the immunotoxicology of chemicals in exposed populations. Development of better methodology and validation of these methods for low dose human exposures.

b. Develop biosensors that couple biological recognition sites such as neuroreceptors and enzymes from human cells with electron microsensors, and to use them to detect toxicants in chemical waste dumps.

c. Develop ecological epidemiology as a monitoring device for waste site evaluations.

d. Determine DNA repair heterogeneity in a defined occupational group with high risk of environmentally caused cancer. Investigate whether repair capacity correlates with tumor incidence. If a correlation exists, it will represent a major breakthrough in risk assessment in the general population.

e. Investigate mechanisms by which liver cancer is induced by toxic chemicals and to establish biomarkers based on the understanding obtained.

f. Determine whether the system of biomarkers now established in mice can be successfully translated to assess alterations in the mononuclear phagocyte systems of humans exposed to chemicals from toxic waste dumps.

g. Evaluate epidemiologic methods for contrasting the fetal loss and cancer mortality and morbidity of a highly exposed community located at a Superfund site, a minimally exposed community near the site, and one nonexposed control community in the same area but free from pollution.

3. Basic biological, chemical and physical methods to reduce the amount and toxicity of hazardous substances.

a. Study of leaching toxic and hazardous substances from ash products of incineration.

b. Study of catalysts for low temperature incineration and characterization (toxicology) of products of such incineration.

c. Study of chemical conversion and neutralization for waste destruction and characterization (toxicology) of heat processes/products.

d. Study of ways of removing toxics from animals/humans, e.g., by increased metabolism or excretion.

e. Examine the mechanisms of two processes that are important in the detoxification of persons exposed to heavy metals.

The NIEHS will solict new applications from universities for studies to fill these and other gaps in the scientific data related to the actions and effects of uncontrolled hazardous substances in the environment. This research should be supported in the fiscal year 1992 Superfund budget request from the EPA.

In summary, there remains an enormous amount of research to be done by the scientific community to address adequately what is perceived to be a national problem of large dimensions. However, with funding mechanisms in place, we may be reaching the "end of the beginning" phase of this research effort. There are many hopeful signs developing quickly from research results to date that suggest that the concerted efforts of all the participants will lead to beneficial results for society. In this regard, several of the NIEHS sponsored research centers are developing and deploying educational and training activities to assure the rapid application of new technologies in concert with traditional approachs to remediation. In the view of participating groups, what is needed most now is a sustained effort maintained at critical mass to maximize over the long term the benefits of present and future research focused on hazardous waste management.

Currently, the NIEHS Superfund Research program is operating on a budget considerably reduced from that authorized by Congress. The projected budget for the next fiscal year also will reflect significantly less available resources than originally envisaged by Congress. This is unfortunate since such shortfalls in funding have a direct effect on the productivity of researchers engaged in Superfund activities. Not only will the development and verification of appropriate technology, minimizing health effects be impeded, but also planned activities centered on training and education of workers will be diminished. The combination of these circumstances may reduce the overall effort of the program to sub-critical mass thus endangering the probability of the successful completion of the Superfund research objectives. We strongly urge Congress to carefully consider the consequences of such a diminished effort. Major research contributions do not result from a piecemeal effort of short duration. We urge that you restore funding to the authorized level of 35 million dollars.

I would be pleased to answer any questions you may have.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

WILLIAM REILLY, STATE AND TERRITORIAL AIR POLLUTION PROGRAM ADMINISTRATORS, ASSOCIATION OF LOCAL AIR POLLUTION CONTROL OFFICERS

WILLIAM BECKER, EXECUTIVE DIRECTOR, ALAPCO AND STAPPA

Mr. STOKES. Our last witness this morning, Mr. William Reilly, State and Territorial Air Pollution Program Administrators.

Nice to have you with us.

Mr. REILLY. Nice to be here. I always enjoy coming to Washington.

Mr. STOKES. It is a beautiful city; it is a great place to come.

We will place into the record the full text of your written statement, and you may proceed as you like.

Mr. REILLY. I have some short oral remarks which I would like to give.

Mr. Chairman, my name is William Reilly, the Assistant Health Commissioner of the Philadelphia Area Management Services. I appear before you today on behalf of ALAPCO and STAPPA, the National Association of State and Local Air Pollution Control Agencies in 54 states and territories, and over 165 major or metropolitan areas across the country. I serve as Chairman of the ALAPCO program funding committee.

With me today is William Becker, who is the Executive Director for STAPPA and ALAPCO. I wish to thank you for the opportunity to testify on the proposed budget for the Environmental Protection Agency for the fiscal year 1991, and particularly on the Administration's request for grants for state and local air pollution control agencies under Section 105 and 106 of the Clean Air Act.

The President's proposed 1991 budget includes $137.7 million for state and local air pollution control agencies, an increase of $38 million over the appropriations for fiscal year 1990.

Although we are gratified that additional federal funds will be appropriated this year, the increase falls far short of what is necessary to adequately improve and maintain our nation's air quality. However, we recognize the efforts of Congress and the President to reduce our enormous federal deficit and we understand that sacrifices are necessary if this is to be successful.

Accordingly, we concur that the amount recommended for fiscal year 1991, $137.7 million is acceptable. The improvement and maintenance of our nation's air quality ought to be one of our highest priorities, since the impact of air pollution on public health and welfare is profound.

The health of millions of Americans is at risk from exposure to such air pollution as ozone carbon monoxide, particulate matter and toxins. In the past, state and local agencies have undertaken many essential activities to reduce air pollution, for which adequate resources have been unavailable. In recent years, we have been forced to cut cost to the point where our base programs have been severely eroded.

I might just point out that in Philadelphia about 75 percent of our program is funded locally by the City of Philadelphia, and only 25 percent by EPA.

If you go back 10 or 15 years, it used to be almost the opposite, and then it was 50-50. So that the local and state programs have done a tremendous amount in increasing their appropriations, but in recent times, again in Philadelphia, we used to have 75 people involved in the air pollution; now we only have 60 in the State of Pennsylvania they used to have 240 people, now they only have 160. So there really is a need to increase the support for the programs, and we are also having to do a lot more than we did in the past.

During this period, federal funding for state and local air programs has remained fairly level and our purchasing power has substantially diminished. Although great strides were made during recent decades to improve our environment, much remains to be accomplished.

Now state and local agencies will struggle to perform new special duties in addition to the elements of our program we have traditionally implemented with seriously constrained budget.

As you know, it is likely that Congress will enact a comprehensive set of amendments to the Clean Air Act within the next several months.

Although we applaud the efforts of Congress to improve the Clean Air Act, we are greatly concerned by the impact insufficient resources will have on our efforts to expand our programs. The attempts will call for a tremendous effort by state and local air pollution control agencies to implement a host of new activities and programs depending upon the severity of the air quality problems.

These activities include the following: Development of state implementation plans, preparation of extensive emission ventures, enhancement of modeling programs, improvement of monitoring systems, development of comprehensive permitting and fee systems, implementation of enhanced automobile engine maintenance program, expansion of enforcement activities, adoption of stage I vapor recovery, which we are involved in in Philadelphia at the present time, establishment of transportation control measures, and a clean fuels program and regulation of smaller resources. These measures are extremely important; however, they will be quite costly to implement.

The President's budget request was based on his proposed amendments to the Clean Air Act announced last summer. If any new and expanded programs contained in the bill are taken into account, however, the increase falls short of what is needed for even the President's proposal by tens of millions of dollars.

Furthermore, the comprehensive Clean Air Act amendments under consideration, H.R. 3030, and Senate 1630, are more stringent in many respects and contain additional or expanded provisions in the President's proposal. These include, for example, the small business technical assistance programs, an expansive area source monitoring network, and additional emission venture development.

It is likely then that the law Congress ultimately enacts will be stronger than the bill upon which the budget request was based, requiring over $60 million more in federal appropriations than the total amount the President recommended. I wish to emphasize that in spite of the additional resources that will be needed, we strongly support the adoption of these stronger measures.

We recognize that funding for air pollution control programs is not the sole responsibility of the Federal Government. In fact, state and local governments have contributed substantial funding, nearly two thirds for air pollution control efforts.

This year, however, state and local agencies will be expected to accomplish far more both to satisfy the additional requirements of an amendment to the Clean Air Act and to respond to increasing public demand, without a sufficient increase in financial support.

It is indeed a difficult task. In conclusion, the Clean Air Act amendments will provide us with a great challenge, as well as the tools necessary to improve our air quality.

However, without a significant increase in funds to operate our programs effectively, our efforts to carry out the public wishes will be weakened. In recognition of the need to reduce the federal deficit, however, STAPPA and ALAPCO are resigned to the fact that additional funds may not be forthcoming and that therefore the proposed $137.4 million for state and local air pollution control agencies is acceptable.

Thank you for this opportunity to testify, and I will be happy to answer any questions.

Mr. STOKES. Well, thank you, Mr. Reilly. We really appreciate your testimony here, and it comes at a particularly important time.

As you have pointed out, Congress is currently in the process of passing the amendments to the Clean Air Act, and it is truly, I think, cognizant of the absolute need to improve the quality of air over all our major cities, throughout the nation. And, of course, you have taken a very practical approach to the real situation that we currently operate under tremendous budgetary constraints, and yet we have all these serious problems that we have to try and address on a priority basis.

So at least the approach you have taken to it is one that we can appreciate, the realization of the type of problems we have to confront.

So on behalf of the subcommittee, let me thank you for your presence and your excellent testimony.

Mr. REILLY. Thank you very much.

Mr. STOKES. The committee is adjourned until 2 o'clock.

[The statement of Mr. Reilly and additional written testimony on the Environmental Protection Agency follows:]

STAPPA / ALAPCO

STATE AND TERRITORIAL
AIR POLLUTION PROGRAM
ADMINISTRATORS

ASSOCIATION OF
LOCAL AIR POLLUTION
CONTROL OFFICIALS

S. WILLIAM BECKER
EXECUTIVE DIRECTOR

TESTIMONY OF

WILLIAM REILLY

ASSISTANT HEALTH COMMISSIONER

PHILADELPHIA AIR MANAGEMENT SERVICES

ON BEHALF OF THE

STATE AND TERRITORIAL AIR POLLUTION PROCRAM ADMINISTRATORS

AND THE

ASSOCIATION OF LOCAL AIR POLLUTION CONTROL OFFICIALS

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON

VA, HUD AND INDEPENDENT AGENCIES

MAY 1, 1990

OFFSET
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444 North Capitol St. N.W. Washington, D.C. 20001 Tel. (202) 624-7864 Fax (202) 624-7863

Testimony of
William Reilly
Assistant Health Commissioner
Philadelphia Air Management Services

on behalf of the
State and Territorial Air Pollution Program Administrators
and the
Association of Local Air Pollution Control Officials

before the
House Appropriations Subcommittee on VA, HUD and Independent Agencies

May 1, 1990

Mr. Chairman, Members of the Subcommittee, my name is William Reilly and I am the Assistant Health Commissioner of the Philadelphia Air Management Services. I appear before you today on behalf of ALAPCO -- the Association of Local Air Pollution Control Officials, for which I am Chairman of the Program Funding Committee, and STAPPA -- the State and Territorial Air Pollution Program Administrators.

STAPPA and ALAPCO are the national associations of state and local air pollution control agencies in the 54 states and territories and over 165 major metropolitan areas across the country. The members of the associations have primary responsibility under the Clean Air Act for ensuring healthy air quality for our citizens by implementing our nation's air pollution control laws and regulations.

On behalf of both associations, I wish to thank you for the opportunity to testify on the proposed budget for the Environmental Protection Agency (EPA) for fiscal year 1991 and, particularly, on the Administration's request for grants for state and local air pollution control agencies under Sections 105 and 106 of the Clean Air Act.

The President's proposed FY 1991 budget includes $137.7 million for state and local air pollution control agencies, an increase of $38 million over the appropriation for FY 1990. Although we are gratified that additional federal funds will be appropriated this year, an increase of $38 million falls far short of what is necessary for state and local air pollution control agencies to adequately improve and maintain our nation's air quality. However, we recognize the efforts of Congress and the President to reduce our enormous federal deficit, and we understand that sacrifices are necessary if this is to be successful. Accordingly, we concur that the amount recommended for FY 1991 -- $137.7 million -- is reasonable.

The improvement and maintenance of our nation's air quality ought to be one of our highest priorities, since the impact of air pollution on public health and welfare is profound. In fact, according to an EPA report published several years ago, the health, ecological and welfare risks from air pollution are higher than those posed by almost every other environmental medium. Similar analyses conducted more recently substantiate this conclusion. Millions of Americans are exposed to these dangers; EPA has estimated that 112 million people live in areas that violate the National Ambient Air Quality Standards for ozone, nearly 30 million reside in carbon monoxide nonattainment areas, and more than 25 million live in areas that exceed the standard for particulate matter. These figures do not even account for those citizens who are exposed to other types of air pollution, such as toxics and acid rain.

The adverse health effects associated with exposure to elevated levels of ozone, carbon monoxide or particulate matter alone include chest pain; congestion; nausea; coughing; reduction of lung functioning; impairment to manual dexterity, visual perception, and learning ability; aggravation of existing respiratory and cardiovascular ailments; changes in the body's defense systems; damage to lung tissue; cancer; and even premature death.

In addition to the alarming dangers to human health associated with exposure to those pollutants for which national standards have been established, our citizens are severely threatened by other types of contaminants, including toxic air emissions. According to data collected under Section 313 of the Superfund Amendments and Reauthorization Act (SARA), approximately 2.4 billion pounds of toxics were emitted by industry into our country's air in 1988. The dangers to our health from these toxic emissions are frightening: the individual risk of cancer associated with exposure to routine releases of toxic air pollutants may reach as high as one in 100 in some locations. EPA has estimated that 1,700 - 2,700 excess cancer deaths per year may be attributed to air toxics alone. The effects of exposure to these toxic substances may also include birth defects, noncancerous kidney and lung diseases, mutations, damage to the central nervous system and irritation to the skin, eyes, and nose.

The cost of air pollution in terms of public health is staggering: according to the American Lung Association, the health costs to our nation from air pollution may be as high as $40 billion annually. In addition to the health effects, the cost of damage to materials, decreased agriculture and forest yields, and reduced visibility exceeds several billion dollars a year. Clearly, money spent to reduce and prevent air pollution is a worthwhile investment.

In the past, state and local agencies have undertaken many essential activities to reduce air pollution for which adequate resources have been simply unavailable.

In an attempt to manage our limited resources, in recent years we have been forced to cut costs to the point where our base programs have been severely eroded. During this period, federal funding for state and local air programs has remained fairly level and our purchasing power has actually diminished. Although great strides have been made during recent decades to improve our environment, much remains to be accomplished if we are to protect the public health and welfare of the United States from the tremendous threat posed by air pollution. As a result, now, and in the future, state and local agencies will be required to perform new essential duties to improve air quality, in addition to the elements of our programs we have traditionally implemented, while struggling with seriously constrained budgets.

As you are no doubt aware, it is likely that Congress will enact a comprehensive set of amendments to the Clean Air Act within the next several months. We applaud the efforts of Congress to improve the law that serves as the foundation of our nation's clean air program; we are eager to continue the task of cleaning our nation's air with the additional tools the legislation will afford us. We are greatly concerned, however by the impact that insufficient resources will have on our efforts to expand our programs.

Under the new law, state and local agencies will continue to have the primary responsibility for implementing the provisions of the Clean Air Act. The amendments will call for a tremendous effort by state and local air pollution control agencies to implement a host of new activities and programs, depending upon the severity of their air quality problems. These activities include the following: development of State Implementation Plans (SIPs), preparation of extensive emission inventories, enhancement of modeling programs, improvement of monitoring systems, development of comprehensive permitting and fee systems, implementation of enhanced automobile inspection and maintenance programs, expansion of enforcement activities, adoption of Stage II Vapor Recovery, establishment of transportation control measures and a clean fuels program, and regulation of smaller sources. These measures are extremely important and will assist us in ameliorating our air pollution problem. However, they will be quite costly to implement.

The public justifiably will place greater expectations upon us all once the Clean Air Act has been amended. Indeed, our citizens deserve to live in a nation with healthful air quality, and have made their desires known through the legislative process. In order to carry out the expanded responsibilities that the public will demand of us, and that will be required by law, substantial financial resources are necessary at all levels of government. If the many provisions of the amended Clean Air Act were to be successfully implemented, state and local agencies would need millions of dollars in additional funds above the President's request. However, since we understand the critical importance of alleviating the strain of the budget deficit, and recognize that many programs must make do with insufficient funding, we concede that an appropriation of $137.7 million for state and local air programs, representing an increase of $38 million, is acceptable.

The President's request of $137.7 million for state and local agencies was based on his proposed amendments to the Clean Air Act announced last summer. If many new and expanded programs contained in the bill are taken into account, however, an increase of $38 million for state and local agencies falls hopelessly short of what is needed for even the President's clean air proposal. If all of the additional efforts for which state and local agencies would be responsible under just the Administration's Clean Air Act amendments were to be carried out effectively, we could expect to spend millions of dollars more than the amount proposed by the President. For example, of the amount earmarked in the President's budget request for Clean Air Act activities, as much as three-quarters could be expended on just three activities: development of emission inventories, enforcement and monitoring.

Furthermore, as I indicated, the President's budget request was based upon his proposed clean air amendments, rather than on the more stringent legislation currently under consideration. The comprehensive Clean Air Act amendments that will be debated in the House -- H.R. 3030, and those adopted by the Senate -- S. 1630, are more stringent in many respects, and contain additional or expanded provisions, than the President's proposal. As a result, it is likely that the law Congress ultimately enacts will be stronger than the bill upon which the appropriation request was based, requiring even greater resources for state and local agencies. While it is not known exactly what version of the bill will ultimately be adopted -- H.R. 3030, S. 1630, or, more likely, a combination of the two, it is estimated that state and local air pollution control agencies will require over $60 million dollars more in federal appropriations than the total amount the President recommended. I wish to emphasize that in spite of the additional resources that will be needed, we strongly support the adoption of the stronger measures contained in the House and Senate bills.

Allow me to offer several examples of additional state and local programs that would be mandated by S. 1630 and H.R. 3030 that were not contained in the Administration's legislative proposal and, therefore, were not considered in the President's proposed budget. The implementation of these programs alone could easily cost state and local agencies over $20 million *above the President's proposed appropriation*. Please bear in mind that this is not an exhaustive list. Again, I note that we support the adoption of these additional measures and believe they are vital to our efforts to improve and maintain our nation's air quality.

First, under both the House and Senate amendments, state and local agencies must establish small business technical assistance programs, which would require them to develop, collect, evaluate and coordinate information on compliance methods and technologies for small businesses, and advise these firms on stationary sources. Such a program could cost state and local agencies well over $3 million to implement. Second, it is likely that the final law will require an expansive area source monitoring network with which state and local agencies must test for a range of hazardous air pollutants. The cost of such a program could exceed $15 million for state and local agencies. Finally, the law could incorporate additional emission inventory development, which could cost state and local agencies over $2 million more than the inventory program called for under the President's proposed legislation.

We realize that funding for air pollution control programs is not the sole responsibility of the federal government. In fact, through appropriations and fee programs, state and local governments have contributed substantial funding -- nearly two thirds -- for their air pollution control efforts. Nevertheless, in recent years the available funding has been inadequate to accomplish all that must be done for us to meet the national standards, reduce air toxics adequately, address acid rain, and carry out the activities necessary to protect our nation's public health. This year, in spite of the proposed increase in appropriations, state and local agencies will be expected to accomplish far more, both to satisfy the additional requirements of an amended Clean Air Act and to respond to increasing public demand, without a sufficient increase in financial support. It is, indeed, a difficult task.

In conclusion, the Clean Air Act amendments will provide us with a great challenge and opportunity to improve our air quality. However, without the necessary resources to carry out these additional responsibilities, our efforts to carry out the public's wishes will be weakened. Accordingly, state and local air pollution control agencies require a significant increase in funds to operate their programs effectively. In recognition of the efforts that must be made to reduce the federal deficit, however, STAPPA and ALAPCO are resigned to the fact that additional funds may not be forthcoming and that, therefore, the proposed appropriation of $137.7 million for state and local air pollution control agencies is acceptable.

On behalf of STAPPA and ALAPCO, thank you for this opportunity to testify. I will be happy to answer any questions you have.

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

ROBERT J. MRAZEK
3RD DISTRICT NEW YORK

COMMITTEE ON
APPROPRIATIONS
WHIP AT LARGE

STATEMENT OF ROBERT J. MRAZEK, M.C.

ON BEHALF OF THE LONG ISLAND SOUND CAUCUS HOUSE APPROPRIATIONS SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

MAY 3, 1990

Mr. Chairman, I am submitting this statement to address the portion of the budget which deals with the National Estuary Program, under the jurisdiction of the Environmental Protection Agency (EPA). I do so on behalf of the Long Island Sound Caucus, a bipartisan coalition whose members all represent districts abutting the Sound, including Reps. Hochbrueckner, Scheuer, Engel, Lowey, Shays, Gejdenson, Schneider and the co-chairmen, Rep. Morrison and myself, who have worked hard in this effort.

This is not the first time this Caucus has come to the subcommittee for support and it probably won't be the last. The efforts of the subcommittee last year to help secure adequate funding for the study, Mr. Chairman, were greatly appreciated. In FY 89, the study received nearly $4 million. This figure included $2.1 million from EPA, $782,000 in state matching funds, and a $1 million earmark for the National Oceanic and Atmospheric Administration (NOAA).

In FY 90, it appears that funding levels will be significantly less, as EPA is planning to spend $1.4 million, which would make state matching funds $466,000 and a total of $1.8 million. In addition, as opposed to FY 90, there are no base funds included in the NOAA portion of the budget for the study.

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As you are aware, in the past the Caucus has successfully secured a $1-million earmark for the NOAA toward the very important and complex data modeling of the Sound. The Caucus has formally requested this earmark from the House Commerce, Justice, State and Judiciary Subcommittee for FY 91, but we have no guarantee that it will be accepted as in FY 90. Yet, as EPA is the lead agency in the study, and determines the priorities of the study, I feel EPA should allocate sufficient funds for the study, and should not depend on an earmark for NOAA.

There are a number of contributing factors to the severe problem of hypoxia, or low-dissolved oxygen, which is taking its toll of the marine life that makes the Sound its home. Currently, there are 44 sewage-treatment plants discharging effluents into the Sound. Municipal wastewater flowing into the Sound has been estimated at one-billion gallons per day. This does not even include sewage overflow and sewage that bypasses treatment due to breakdowns. Urban stormwater runoff, lawn fertilizers from four major river systems, the release of contaminated byproducts and diesel fuel, and the dumping since 1982 of dredged spoil in the western portion of the Sound have contributed to the problem.

I realize that the Sound is not the only estuary in jeopardy. I do feel it is unique in that nearly 8.5-million people now live in the counties directly bordering the Sound. The New York metropolitan area is easily the largest in the nation. I believe the residents in this area realize that the cleanup will take an area-wide effort and that local communities are most willing to help. Certainly, educating the public is the first step and that process has begun. However, they cannot do it alone.

The Caucus continues to sponsor hearings in Washington, New York and Connecticut in order to be informed by scientists, administrators and citizens directly involved in the study. Testimony has revealed that it may cost in excess of $6 billion, with nearly $5 billion required for the plants along the East River alone. This excludes the costs of operation and maintenance. This estimate is staggering, yet probably conservative. It is the hope of the Caucus that this committee will find the cleanup of the Long Island Sound to be one of its priorities in the next few years. When the study concludes in two years, it will be important that the focus of our efforts promptly move toward the abatement process. The Caucus greatly appreciates anything the committee can do to ensure that the study is funded adequately and looks forward to working with the committee to clean up this fragile ecosystem.

TESTIMONY OF
THEODORE J. SKAAR

REPRESENTING

The Professional Environmental Community concerned with the training of an Environmental Workforce.

ON

A statement in support of the United States Environmental Protection Agency's National Environmental Workforce Development Programs.

TO

Subcommittee for Veterans Affairs, Housing and Urban Development and Independent Agencies of the Committee on Appropriations.

Washington, D.C.
May, 1990

Director of the Environmental Control and Hazardous Waste Program

Ulster County Community College
Stone Ridge, New York
12484

(914) 687-7621

I am professor Theodore J. Skaar, Director of the Environmental Control and Hazardous Waste program at Ulster County Community College in Stone Ridge, New York. This program, originally funded with EPA seed money in the years 1975 to 1980 is, I believe, representative of Federal money well spent. A source of seven major training publications, two computer training programs, and twenty audio-visual self paced modules, it has received recognition as a distinguished vocational education program from both the National Center for Vocational Education and the American Association of Community and Junior Colleges. A self-supporting program for the last ten years, it has graduated over 220 students who have successfully entered the environmental work force.

Projects such as the Environmental Control program at Ulster County Community College and the Hazardous Materials Technician program at Eastern Iowa Community College are indeed worthy of recognition, but we must be careful lest we succumb to the thinking that environmental training, although highly successful, is a static enterprise. New environmental problems seem to surface each day; only sophisticated forcasting and effective and timely training can mitigate the effects of these problems. In January of 1988, Lee M. Thomas, Administrator of the EPA, endorsed the Report of the Administrator's Task Force on Technology Transfer and Training. The report's summary closed with "... technological transfer and training are integral to the way EPA will do business in the future." The internationally recognized management firm of Arthur D.

Little, Inc. has projected that the hazardous waste treatment and disposal business will be a $10 billion industry within in the next 5 years. At the same time, Dr. Paul L. Busch, President of the American Academy of Environmental Engineers, has stated that "the total number of graduates with bachelor's and advanced degrees who have special training in hazardous waste issues will probably be 5 to 10 percent of the total need in the next five years, and less in the following five years." In addition, research conducted at Ulster Community College indicates that about 25% of the firms engaged in the hazardous waste industry can not find adequately trained personnel. These facts do not bode well for our Nation's future. Only EPA has demonstrated the expertise to implement, evaluate, and supervise those training programs so necessary to provide a sufficient national hazardous waste workforce, but this vital role has been removed from its jurisdiction. It must be returned.

The summer of 1988 will be remembered as the one in which the environment fought back against mankind. Up and down our coasts and from east to west, our citizens were exposed to an onslaught of wastes both biological and chemical. Swimming beaches were closed, and large sections of our bays and estuaries were damaged. In many estuarine regions of our country shellfish beds were permanently closed and restrictions were placed on the amount of fish which could be safely consumed. While many people saw these events as temporary inconveniences, the scientific community recognized the symptoms of a disease which would have far reaching and long-term effects.

The early warning went out over a decade ago. During the summer of 1976 the beaches of Long Island received the first onslaught. The subsequent beach closings prompted Orin Lehman, Commissioner of New York State Parks and Recreation, to present to Congress a clear picture of the extent of pollution of the beaches and the probable causes. The causes. then, as now, were linked to improper treatment of our wastes.

The technology for adequately treating waste has not always been available, but it is available in 1990. Billions of dollars of Federal spending have provided the infrastructure necessary to provide for clean water, yet the 1985 objectives of the Clean Water Act have not been met. Other billions have been spent on attempts at cleanup and remediation of hazardous waste sites -- sites which, in many cases, remain as a legacy to be passed on to future Americans. Obviously, the mere expenditure of large sums of money is not the solution to our environmental dilemma. It must be that there is a missing ingredient in the recipe for success.

Beginning in 1980, with the inauguration of the Reagan administration, our country witnessed the castration of the once powerful Environmental Protection Agency, the designated watchdog of environmental policy and the primary motivator for environmental research. Effective EPA work groups in offices throughout the United States were scattered and splintered, with many employees relegated to obscure posts. Federal support, both logistical and financial, was removed from environmental training programs. At the same time, massive amounts of money were put into construction of waste treatment facilities -- facilities lacking trained personnel to run them. Many of these same facilities, once theoretically capable of removing 95% of the pollutional loads, now function at only a fraction of their intended capacity while others function hardly at all. The fault lies in the operating personnel, not in the equipment -- many operators are inadequately trained. The ecological disruptions of 1990 are the direct result of decisions made by the Administration in 1980.

The Congress should take immediate action to restore EPA to its former position of prominence, that of the primary overseer of the environment. Lest we repeat our errors of the past, academic training and support should be made a major priority for funding. Without this support, it is improbable that there will be significant progress in cleaning the environment. At this critical period in our Nation's growth, standing as we do on the threshold of new technology, we must be assured that a qualified work force is available. All the technological systems that money can buy will not provide us with a clean environment, if the personnel are not available to apply and, more critically, maintain those systems. Without much needed endorsement from Congress for EPA policies and programs, the Nation's future will be unquestionably in jeopardy. I request your support for inclusion of $4 million in add-on funds for the EPA Academic Training budget.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY

1000 Connecticut Avenue, N.W., Washington, D.C. 20036 • (202) 466-8550 • P.O. Box 217 • Merrifield, Virginia 22116

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Statement of

William K. Norris

President
North American Lake Management Society

before the

House Committee on Appropriations
HUD-Independent Agencies Subcommittee

May 1990

10th Annual International Symposium on Lake, Reservoir & Watershed Management • November 6-10, 1990 • Springfield, Massachusetts

Mr. Chairman and Members of the Subcommittee:

My name is William Norris, and I am President of the North American Lake Management Society (NALMS), a national organization of citizens, scientists, lake associations, and water pollution control professionals who are concerned about the poor water quality in our nation's lakes. I am also a consultant specializing in water resources and watershed management. Prior to my consulting work I was the Watershed Management Official for the County of Albemarle and the City of Charlottesville in Virginia for eight years.

Introduction

We are pleased that this subcommittee has given us this opportunity to testify. It is a privilege that you have generously extended to NALMS over the past nine years. This year, we wish once again to testify in support of funding for EPA's Clean Lakes Program authorized under Section 314 of the Clean Water Act and the Nonpoint Source Management Program authorized under Section 319. Funding of these programs is crucial to assist states and local units of government solve the disturbing trend of chronic degradation of our nation's lakes and reservoirs. Lack of federal support for these programs sends a confusing message to states about the importance of preserving and restoring our treasured lake resources. It will stifle the enthusiasm and momentum brought about by last year's show of commitment by the appropriations for Section 314 and 319.

Status of the Resource

In previous testimony, we have described an overview of national water quality data that reveals a serious problem with the current condition of our nation's lakes and reservoirs. The following data, presented in EPA's 1989 "Report to Congress: Water Quality of our Nation's Lakes," again shows our lakes to be in serious trouble and indicates that they may actually be getting worse.

- Comparisons to 1986 305(b) data show a 10 percent increase in poor quality (eutrophic) lakes, and a 15 percent decrease in good quality (mesotrophic-oligotrophic) lakes.
- 76 percent of the pollution affecting lakes comes from nonpoint sources of pollution.
- Approximately 50 percent of the 22,000 lakes classified by trophic status were either of poor (eutrophic) or very poor (hypereutrophic) water quality.
- Nutrients and siltation/turbidity were identified as being the most significant pollutants causing use impairment.
- Of the 12,413,837 lake acres assessed by states, 25 percent were found to be impaired or partially impaired and 20 percent were threatened by pollution.
- Metals and inorganics (principally mercury) were also identified as significant causes of use impairment in lakes.
- Twenty-one states reported the detection of priority toxicants; most often, PCBs and mercury. These were found in lake water, sediments and fish tissue. In many instances, levels of priority pollutants have warranted fishing bans and fish consumption advisories.

While the condition of the nation's lakes is quite disturbing, there is substantial reason for optimism that this situation can be halted and reversed. This optimism emanates from the increasing commitment of state and local governments and grass root groups that are accepting a partnership role with the federal government for lake management.

Status of State and Local Management Capability

Ten years ago there were only four state lake management organizations in the nation. Today, there are at least 15 state lake management organizations actively involved in managing their state lake resources. Of these 15, California, Florida, Michigan, Ohio, Oklahoma, Pennsylvania, Virginia, Washington, and Wisconsin, I am pleased to say, are NALMS State Chapters. Lake associations are continually forming throughout the nation. These grass root groups have a close personal interest in seeing that lakes are properly managed so they are willing to accept much of the responsibility of managing "their" lakes.

Local governments are typically sponsors of Clean Lake projects and show their direct commitment by providing the match of the federal funds. Local governments also are taking on new responsibilities in lake management and nonpoint source pollution control. Many municipalities are passing ordinances to control nonpoint sources of pollution from construction sites and urban runoff. In Minnesota, counties throughout the state are participating in local water planning efforts to review current water management practices and identify specific activities that are needed to meet water management goals.

Nearly all states are taking an active role in managing their lakes. Forty-four states have active Clean Lakes projects and 40 states conducted Lake Water Quality Assessment Studies using federal grants. Five states administer citizen volunteer lake monitoring programs. Fourteen states fund lake management programs.

In Washington state the legislature has authorized $45 million per year through the year 2021 to support water quality initiatives. Among the projects that can be funded are lake protection and restoration activities and control of nonpoint source pollution.

While all these activities show a positive trend toward state and local governments and grass root organizations accepting a responsible role in the management of the nation's lake resources, much remains to be accomplished to meet the goals of the Clean Water Act. Federal commitment to solving the nation's lake water quality and nonpoint source problems is imperative to meet these goals.

Recommendations

Section 314

The philosophy behind the Clean Lakes Program to prevent pollution. Management plans focus on eliminating the cause of pollution at the source rather than solely mitigating the effects of pollution in the lake. This philosophy, institutionalized in the Clean Lakes Program, is completely in line with EPA's recent efforts to promote pollution prevention.

The framework of the program is sound. It needn't be changed. Clean Lakes Program grants are made to states for lake study and assessment through Phase I studies, Phase III studies, Lake

Water Quality Assessment projects, and the 1980 Lake Classification Survey. Grants also are made for Phase II Implementation Projects.

Phase I projects generate comprehensive, scientific studies that define pollution problems and their sources and develop cost-effective plans to restore and preserve specific lake resources. Phase III projects permit post-implementation monitoring to determine longevity and effectiveness of specific restoration techniques. Lake Water Quality Assessment projects and the 1980 Lake Classification Survey have allowed states to assess and prioritize their lake resources. Phase II projects implement specific restoration and preservation plans that actually enhance lake water quality.

Past Clean Lakes Program funding has resulted in the completion of 147 projects. Another 167 projects are currently active. From 1976 to 1989, 18 percent of Clean Lakes funds have been spent on study and assessment projects, whereas 82 percent of the funds have been spent on the implementation of protection and restoration measures. Real improvements are being made with federal funds.

The Clean Lakes Program directly supports and promotes local lake management efforts to improve lake quality. This funding is necessary to solve lake water quality problems through a federal, state and local partnership. A draft copy of the 305(b) National Water Quality Inventory 1988 Report to Congress says that "the States strongly recommend that Congress appropriate funds to support the Clean Lakes Program."

Echoing the individual states, we strongly recommend that $15 million be appropriated by this subcommittee for Section 314 in Fiscal Year 1991. Secondly, we recommend that EPA provide additional staff resources to carry out administrative and technical assistance of the program.

Section 319

The first appropriation for Section 319 in Fiscal Year 1990, met with great enthusiasm from state and local governments. Forty-nine states received approval of their assessment and management plans and subsequently submitted applications for funding. This clearly indicates that states are in a position to implement their nonpoint source management plans; preliminary indications are that most states will receive funding.

Our concerns have not wavered from last year's testimony. We still believe "lack of progress in the area of nonpoint source controls will likely be a heated issue in the reauthorization of the Clean Water Act." Continued support for implementing the demonstration grants under Section 319 would provide states and Congress with a greater understanding of the nonpoint pollution problem and enhance development of effective strategies to control the problem. We believe that funding of this program for four years would provide better information with which to debate the regulatory versus non-regulatory strategy for controlling nonpoint sources of pollution.

State support for our position is reflected in the draft copy of the 305(b) National Water Quality Inventory 1988 Report to Congress which says "Recommendations most often cited by the States concern the identification, prevention, and control of nonpoint sources of pollution."

Therefore, we strongly recommend that this subcommittee support a $70 million appropriation for the 1991 fiscal year.

Summary

This subcommittee is aware that the ecological functions of our nation's lakes and reservoirs are vital in supporting fish and wildlife. Ninety-nine percent of the nation's population lives within 50 miles of a publicly-owned lake. Greater than 50 percent live within five miles. Lakes contribute to our enjoyment of life and constitute economic assets for community and growth. Yet, we continue to abuse these important resources.

Congress has made a commendable start toward restoring health to our nation's waters in the Clean Water Act. The message to the American people is indisputable; clean water is an important part of our heritage and our quality of life and needs to be protected, restored and maintained. Americans clearly want and deserve clean lakes and reservoirs for safe drinking water, recreation, industrial use and aesthetic enjoyment.

With the help of the Clean Water Act we have made significant progress toward understanding lake and watershed processes. Institutional infrastructures have been started at the state and local level that, when completed, will go a long way toward reversing the downward trend in the quality of this resource. To continue with this progress we need your commitment to provide funding for the Clean Lakes Program (Section 314) and the Nonpoint Source Management Program (Section 319).

Therefore, we strongly encourage the subcommittee to provide budget authority for $15 million to the Clean Lakes Program and $70 million to the Nonpoint Source Management Program.

We appreciate the opportunity to testify before you. I look forward to answering any questions you may have.

WPCF Research Foundation
WATER POLLUTION CONTROL FEDERATION
RESEARCH FOUNDATION

601 Wythe Street
Alexandria, VA 22314-1994
(703) 684-2400
FAX (703) 684-2492

STATEMENT OF

MR. GLENN REINHARDT

DIRECTOR, WPCF RESEARCH FOUNDATION

ON BEHALF OF THE

WATER POLLUTION CONTROL FEDERATION (WPCF)

RESEARCH FOUNDATION

BEFORE THE

SUBCOMMITTEE ON VETERANS, HUD, INDEPENDENT AGENCIES

APPROPRIATIONS

HOUSE APPROPRIATIONS COMMITTEE

HEARING ON THE EPA FISCAL YEAR 1991 BUDGET

MAY 3, 1990

The WPCF Research Foundation is building a consortium of wastewater treatment facilities to address the growing research needs of the pollution control industry. Modeled after other successful industry sponsored research efforts such as the Electric Power Research Institute, Gas Research Institute, and American Water Works Association Research Foundations, the WPCF Research Foundation is creating a subscription based funding mechanism to support practical, applied research identified by the wastewater industry, for the wastewater industry.

The WPCF Research Foundation was created to address certain long-term trends:

1. Federal funds available for wastewater research were being diverted to other media (i.e., land and air).
2. Specific funding for practical wastewater treatment technological and process research had declined from $15.6 million to only $250,000 over the past twelve years.
3. Wastewater research continued to be regulatory based, rather than directed toward processes and technologies.
4. America was losing its competitive edge in world markets for wastewater treatment technologies.
5. The nation's $50 billion investment in wastewater treatment facilities needed to be protected.

Critical municipal wastewater treatment problems needing to be addressed through research include:

1. How to treat the trillions of gallons of inadequately treated wastewater which cause receiving waters to collect problematic levels of suspended solids, nutrients, and toxics.
2. How to manage an aging infrastructure and premature deterioration at facilities with the increased demands of a growing population.
3. How to develop processes and technologies to treat the 70,000 chemicals currently in use, and the 500 new chemicals introduced annually.
4. How to meet more restrictive discharge standards for treatment facilities.
5. How to safely dispose of millions of tons of sludge generated on a daily basis.

These are only a few of the many problems municipalities are being mandated to solve, without being provided any new, or innovative methods to approach the problem. It is clear that the resources of a single municipality or company are easily exhausted when faced with acting independently. Until now, the only option was to "go it alone."

Acting on behalf of the wastewater treatment industry, the WPCF Research Foundation has proceeded at break-neck pace to build a viable research entity to rejuvenate the sizable effort once in federal domain. But we need your help. The WPCF Research Foundation is proposing to Congress a new cooperative, cost-sharing partnership between the wastewater industry and EPA in support of wastewater research and development.

The WPCF Research Foundation is requesting such sums as necessary be made available for fiscal years beginning in 1991, 1992, and 1993 for this purpose, but seeks no more than $2.5 million per year. The Research Foundation seeks this appropriation to establish a pilot program providing a 1 to 1 match of research funds from the wastewater industry. We also propose an administrative mechanism be set up between EPA and the wastewater industry to determine research needs and select projects. This cooperative effort will double the federal investment, provide a practical focus for wastewater research, encourage additional support for the Research Foundation, and provide the "jump-start" necessary for the Foundation to become fully self sufficient.

Statement of
Dr. Donald F. Boesch,
Director,
Louisiana Universities Marine Consortium,

on behalf of the
Council on Ocean Affairs

before the
Subcommittee on VA, HUD, and Independent Agencies
of the
House Appropriations Committee

April 27, 1990

Mr. Chairman, we appreciate this opportunity to provide comments on appropriations for NSF, EPA, and NASA. I am submitting this statement on behalf of the Council on Ocean Affairs (COA), in my capacity as Chairman of COA's Steering Committee. COA was formed last year as a nationwide organization of oceanographic institutions, and its membership consists of universities and other nonprofit research organizations which have substantial ocean science programs. COA currently represents fifty institutions from Alaska and Hawaii to the Caribbean.

The scientific community has made substantial strides towards understanding a wide variety of complex marine processes. These include studies of our fragile estuaries and coastal environment, which provide a unique habitat for aquatic life, and near which increasing numbers of Americans are choosing to live and pursue recreational opportunities. The marine scientific community also pursues a full range of open-ocean projects, as diverse as the effect of the oceans on climate change, global studies of ocean circulation, and the effect of seafloor processes on earthquakes and volcanism. To a greater extent than ever before, the marine science community is contributing significantly to understanding important environmental problems that affect the lives of millions of Americans.

Adequate funding support from the Federal government is crucial if U.S. marine scientific research is to make continuing advances in the future. Regrettably, overall Federal support for ocean research and development has declined significantly in constant dollars over the past five years. The U.S. cannot expect to continue its leadership role in marine science if this trend continues.

NSF

The National Science Foundation is the principal supporter of U.S. marine scientific research. Over the past five years, NSF funding for ocean science has remained virtually flat in constant dollars. We are pleased, therefore, that the Administration has proposed significant increases in the overall NSF budget for FY 1991, which includes an increment of $23.63 million in Ocean Sciences. Of this increment, $19.2 million is directed towards Global Geosciences programs including the World Ocean Circulation Experiment (WOCE), the Joint Global Ocean Flux Studies (JGOFS), Ridge Interdisciplinary Global Experiments (RIDGE), and the Tropical Ocean - Global Atmosphere (TOGA) program. Of the remaining increment of $4.3 million, the Ocean Drilling Program will receive additional support to emphasize high temperature techniques for scientific drilling, high latitude programs, and increased analysis of logging data. The Oceanographic Centers and Facilities Program will complete the conversion of Columbia University's new research ship, R/V MAURICE EWING.

Ocean science programs at NSF play an integral role in the U.S. Global Change Research Program, which reflects a high degree of cooperation among 12 different federal agencies towards a sound scientific basis for addressing changes in the global earth system. The total FY 1991 request for NSF's focused global change research is $103 million, an increase of 87% over the FY 1990 appropriated level.

While we support the proposed increases for Global Change and other large programs at NSF, we remain concerned about the erosion of individual investigator support that forms the core of NSF research. These core research programs are of vital importance in ocean science at our marine research laboratories and academic institutions. These core programs provide necessary support for facilities and individual investigators, and they constitute the basic foundation for fundamental research and education in ocean science. A strong core program of ocean science research must be maintained and move forward in concert with the Global Change Research Program.

NSF is to be commended for working closely and effectively with the marine science community in the development of its Long-Range Plan for Ocean Sciences, which represents a sound balance of priorities in marine research, and proposes adequate facilities funding to support that science. The Administration's budget proposal for NSF is consistent with this Plan, and we urge that NSF be funded at the requested level.

NASA

The Administration's proposal for an overall NASA budget increase of 23 percent to $15.1 billion contains a significant new start for the Earth Observing System (EOS) and includes the development start for the Earth Probes. Of critical importance to the marine science community are the Ocean Topography Experiment (TOPEX), at a requested funding level of $68.0 million, and the Scatterometer (NSCAT) which is continued at a level of $3.8 million. TOPEX will provide critical measurements of ocean currents, and will be the only tool to make such information available to the oceanographic community on a global basis. NSCAT, which is essentially completed and awaiting launch on a

Japanese ADEOS project in 1996, will provide global coverage of marine surface winds. Both projects are key components of the World Ocean Circulation Experiment, and are of urgent importance to the marine science community.

We are also deeply concerned about adequate funding for the Sea-viewing Wide-Field Sensor (SeaWIFS), to provide improved observations of oceanic chlorophyll. At present, the ocean science community has no capability for ocean color measurements since the failure of the Coastal Zone Color Scanner (CZCS) after a long life span on NIMBUS-7. Such measurements are of critical importance in assessing global biological productivity which is essential to understanding the degree to which the ocean can moderate the buildup of carbon dioxide in the atmosphere. SeaWIFS is in danger of falling behind schedule, and we urge the Committee to give strong support to the SeaWIFS program.

Another NASA mission which will contribute significantly to marine science is the Tropical Rainfall Measuring Mission (TRMM) which is a component of NASA's Earth Probes initiative. TRMM will provide useful information on large-scale atmospheric convection and precipitation, which will assist scientists in understanding ocean/atmosphere phenomena such as El Nino. We support the timely development of this mission, but it is of lower priority to our community than SeaWIFS.

NASA's proposal for EOS would ultimately provide a comprehensive system for earth science observations, and thus would be of major importance to the oceanographic community. Among the benefits of EOS would be simultaneity of measurement that is not practical with any other system. EOS would also provide the scientific community with a comprehensive, long-term data set essential to understanding Global Change. NASA is to be commended for integrating data management into the EOS proposal, a key aspect of any earth observation system that is too frequently neglected. While we recognize that the total program cost for EOS is significant, many of the instruments proposed for EOS are a high priority for the ocean science community. We wish to point out that realization of the enormous potential of the satellite-borne sensors will depend on commitments by NASA and other agencies to support research activities at universities and independent laboratories.

EPA

The Administration's proposed budget for EPA contains substantial increases in marine science research and monitoring. EPA's marine science programs fall into two major categories: global change and coastal oceans.

We welcome EPA's increased role in the U.S. Global Change Research Program, and support further enhancement of EPA's role in basic research in this area. EPA's component of the Global Change program will focus on process-level understanding and modeling capabilities that are required to predict global change, and will not duplicate the efforts of other agencies.

EPA is also strengthening its role to protect and manage our fragile coastal environment, which has seen competing resource demands ranging from increased tourism to commercial development. These demands necessitate a sound scientific basis for comprehensive management programs, and we do not yet have sufficient understanding of coastal processes to address these management issues fully.

EPA is working with the scientific community and a variety of other federal and state agencies to provide scientific and technical support for state and local management of water quality in response to risks from pollution and habitat loss. Of particular importance is EPA's Environmental Monitoring and Assessment Program (EMAP), which will focus on estuaries in the mid-Atlantic and Gulf Coast, and the Gulf of Mexico Program, in which NOAA, the Fish and Wildlife Service, NASA, the Departments of the Interior and Agriculture, state agencies and the research community are working collectively to improve the management of the Gulf and its resources. We urge the EPA to more effectively use the talents and capabilities of academic institutions and independent research laboratories in these and other programs through extramural support for research and training.

RESEARCH FOUNDATION

AWWA RESEARCH FOUNDATION
TESTIMONY TO THE HOUSE SUBCOMMITTEE ON VA-HUD-INDEPENDENT AGENCIES

May 2, 1990

The AWWA Research Foundation appreciates the opportunity to submit testimony to the Committee to provide an update on our successful effort to establish an independent research program sponsored by the water industry.

Representatives of the Research Foundation were active before this Committee in FY '84, FY '85, and FY '86. At that time, we requested and received ear-marked add-ons of $1 million a year for three years. We pledged two things in return for the Committee's support. First, water utilities would match the Committee's funding so that the total research investment would be doubled. Second, the industry would use the add-ons as seed money to create a research effort independent of federal funding.

Over the past four years, the Research Foundation and hundreds of water utilities have upheld their pledge to the Committee. To date, over 370 utilities in the United States and Canada have voluntarily placed a charge of ninety cents per million gallons of delivered water in their rate base which is subsequently contributed to the research subscription program to fund a centralized research effort. This pool of money has been used to identify and fund research priorities that are of common concern to water utilities. Income for the first year of the research subscription program was approximately $1.35 million. By 1989, this figure more than tripled to over $4 million. Never in the history of the United States have water utilities banded together in this fashion.

The Committee should share our pride in this accomplishment, since your seed money was a necessary ingredient in the construction of our program. Our near-term income goal from this program is annual revenue of $10 million by 1995. Since our income is dependent upon the voluntary participation of thousands of individual utilities, we have a formidable task ahead of us. Yet we are confident that the vision and leadership that have helped us to establish the research subscription program will also enable us to meet our goal of $10 million by 1995.

This $10 million goal represents the annual quantification of the high priority research needs of the industry. It does not encompass all the needs, just those considered to be of the highest priority which are not a part of any current research and development effort. With that level of funding, the Research Foundation can help provide utilities with the tools to deal not only with Safe Drinking Water Act compliance issues such as lead

6666 West Quincy Avenue • Denver, Colorado 80235 • (303) 794-7711
Telex: 45-0895 AWWA DVR • Cable: WATERINFO • Fax: (303) 730-0851

Richard P. McHugh, *Chairman*; Jay W. Weinhardt, *Vice-Chairman*
Richard H. Moser, *Treasurer*; James F. Manwaring, *Executive Director*

and radon in drinking water and groundwater contamination, but also with issues relating to distribution systems/infrastructure such as corrosion, rehabilitation, and much more.

The success of the AWWA Research Foundation has also reduced the impact of EPA's withdrawal from its previous position as a prime supporter of practical research and development. Massive reductions in drinking water research and development have been made in the EPA budget over the past ten years. Overall drinking water research and development has fallen from a maximum budget of $22.7 million in FY '82 to $10 million in FY '90, a decline of 54%. This decline is even more precipitous when one factors in the reality of inflation and considers the component parts of the EPA research and development budget which are of particular importance to water utilities. For example, applied water utility research has declined from a high of $8.9 million in FY '82 to a low of $1.2 million in FY 90. Furthermore, health effects research (the essential foundation of any regulatory program) has fallen from a high of $9.6 million in FY '82 to $3 million in FY 90. These are declines of 87% and 70% respectively.

These reductions would be appropriate if the regulatory requirements were slackened or at least remained constant. But the opposite is true. The contaminants which EPA is forced to regulate have nearly tripled during the same period. These regulations are profoundly affecting the cost and complexity of operating a water utility. More importantly, the regulations may be applied without adequate research to determine the most appropriate and cost effective techniques. For example, the stipulation in the 1986 Amendments to the Safe Drinking Water Act that granular activated carbon be considered "best available technology" for trihalomethanes would have cost the industry millions of dollars if the AWWA Research Foundation's research had not provided irrefutable scientific evidence that it was an ineffective technology. Sensible regulations depend upon the existence of adequate funding for research.

Since 1986, the research subscription program has produced $32 million in total research and 170 projects. While this record of performance has by no means replaced the cuts in EPA research, it has certainly softened what would otherwise have been a far more negative impact. Approximately 65% of the Foundation's research budget has been directed at regulatory concerns, far more than was ever anticipated for this category. As a result, the Foundation has less funds to devote to the traditional, non-regulatory arena. However, these latter topics--infrastructure rehabilitation, taste and odor, improved management, etc.--are of such importance that they cannot be ignored.

Given the magnitude of the problems confronting the industry, particularly in the regulatory arena, the AWWA Research Foundation believes that the federal commitment to drinking water research must be increased. We feel that it is unfair to increase the agency's regulatory burden without a concomitant increase in the support for the problem solving and implementation arm of the Agency.

Therefore, the AWWA Research Foundation wishes to request that the Committee consider increasing EPA's drinking water R&D budget for Environmental Engineering and Technology to a total of $5 million.

The Foundation's rationale is relatively simple. It is anticipated that research subscription income for FY '91 will be $5 million. This is half of what the industry has determined to be the minimum amount to fund the highest priority research needs over the next several years. The Foundation will not reach that $10 million income goal until 1996. By increasing the EPA applied drinking water R&D budget to $5 million, studies could begin immediately to answer some of the critical questions before questionable and expensive techniques are implemented which later may have to be removed.

The Congress has helped the water utilities industry to establish its own self-funded program of water utility research. The AWWA Research Foundation is now at the half-way point of its goal of $10 million a year, thanks to your assistance. We now ask for the Committee's help in completing our journey to a fully funded program of water utility research by providing the requested funds to increase EPA's drinking water R&D effort.

AEEP Association Of Environmental Engineering Professors

Testimony for the U.S. House of Representatives Appropriations Subcommittee on VA, HUD and Independent Agencies

◆

Committee on Appropriations

◆

April 22, 1990

The Association of Environmental Engineering Professors (AEEP) represents faculty at approximately 100 universities throughout the United States engaged in teaching and research in the environmental sciences and engineering. I wish to express AEEP's views concerning the budget for the Environmental Protection Agency's Office of Research and Development (ORD).

During the decade of the 1980's, major legislative initiatives substantially increased EPA's regulatory responsibilities. Coincidentally, the environmental problems facing society continued to expand in scope, magnitude, and complexity. To ensure an ecologically healthy environment for future generations in view of an ever increasing milieu of chemicals and environmental contaminants, it is critical that EPA again exert itself as a science agency by providing leadership in long-term basic research in addition to fulfilling its regulatory mission. Long-term scientific and technological research is essential for identifying unforeseen environmental crises that can threaten global ecological resources, developing new knowledge regarding environmental protection needs and controls, applying advances in science and engineering to cost-effective solutions for protecting and restoring the natural environment and safeguarding human and ecological health, and, finally, anticipating and preventing pollution. EPA is the agency which must assume the leadership role in ensuring that the requisite research is conducted.

In this context, it was most gratifying to review EPA's recent report, "*Protecting the Environment: A Research Strategy for the 1990s*". The core research initiatives outlined in that document truly are visionary and begin to address the long-term basic research needs so effectively identified by EPA's Science Advisory Board in its report, "*Future Risk: Research Strategies for the 1990s*". By significantly expanding EPA's ORD budget in accordance with the defined strategy, not only do we begin to develop the scientific and

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OFFICERS
President
Thomas M. Keinath
Envir. Systems Engineering
Clemson University
Clemson, SC 29634-0919
(803) 656-5672

Vice President
Bruce E. Rittmann
University of Illinois
3221 Newmark Civil Engr. Lab
208 North Romine
Urbana, IL 61801
(217) 333-6964

Secretary
William R. Knocke
Dept. of Civil Engineering
Virginia Polytechnic Institute
and State University
Blacksburg, Virginia 24061
(703) 231-6021

Treasurer
Brian A. Dempsey
Dept. of Civil Engineering
212 Sackett Building
Pennsylvania State
University
University Park, PA 16802
(814) 865-1226

technological knowledge base required to prevent pollution and protect and enhance our environment, we also achieve a very important secondary goal; that of solving a critical human resource crisis by significantly increasing the production of trained scientists and engineers dedicated to environmental research, protection, and restoration. Because EPA's ORD core research initiatives are well focused and are supportive of a prudent course of action for the United States to protect its vast environmental resources, we ardently encourage the Committee's support of these initiatives.

In addition to providing solutions to present and future environmental protection challenges and identifying unforeseen environmental crises, basic long-term research will provide a knowledge base that can result in significant cost savings in environmental restoration activities; savings that are of vast long-range proportions. Allow me to cite two examples:

- ☐ A Superfund site located in Oregon resulted from the improper disposal of chromium wastes by the United Chromium Corporation. The chromium seeped through the ground and contaminated 10 acres of a shallow aquifer. Subsequent improper well construction significantly exacerbated the contamination by allowing the chromium to move through an impervious clay layer into a much deeper aquifer used for various water supplies.

  A "pump-and-treat" remediation system now has been designed and implemented at a projected clean-up cost of $17M and a clean-up effort lasting 20 years. Basic research conducted at one of AEEP's member universities led to the development of a method for injecting phosphate into the aquifer to more rapidly release the chromium bound to the soil. Based on engineering predictions and calculations, it appears that this phosphate injection clean-up adjunct to the "pump and treat" system will reduce the remediation period to 7 years at an overall cost savings of $10M at this site alone.

- ☐ Research conducted at another of AEEP's member universities led to the development of an *in situ* method of biologically remediating drinking water and other aquifers contaminated with low molecular weight chlorinated solvents that are used extensively by U.S. industry. Demonstration of this method at Moffett Field clearly showed its efficacy for aquifer restoration. The technique also is presently being utilized to remediate a contaminated aquifer in the State of Michigan. Although no exact estimate of the costs to be saved by the application of bioremediation methods can be made, it is clear that $100M's will be saved at numerous Superfund sites throughout the country.

Clearly, long-term basic research will lead to the development of scientific assessments and technological advances that will provide for the restoration and protection of this country's environment, and will save the United States countless sums in doing so. Accordingly, it is essential that Congress be supportive of EPA's research initiatives articulated in the report "*Protecting the Environment: A Research Strategy for the 1990's*". The Subcommittee's support of EPA's ORD budget request is critical, and is urged.

Thomas M. Keinath

Thomas M. Keinath
President

National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

National Association of State Universities and Land-College Colleges
Marine Division

White Paper

General Environment Outlook

The Marine Division of NASULGC is generally supportive of the President's FY 1991 Budget Request as it pertains to general environmental research and development programs. The President's requests for the General Science, Space, and Technology; Energy; and Natural Resources and Environment functions represent a positive, albeit initial, commitment to scientific research. For example, the budget request for the National Science Foundation ($2.404 billion) is consistent with the goal of doubling the NSF budget over a 5-year period. Furthermore, there is considerable support for programs related to climate and global change. For FY 1991, the Administration has requested $1.034 billion for the U.S. Global Change Research Program (USGCRP), a $374.8 million or 57% increase over the FY 1990 congressional appropriation. This co-ordinated research program will be spread primarily over seven agencies including NOAA, NSF, EPA, NASA, and the Departments of Energy, Interior, and Agriculture.

Underpinning the Administration's environmental science requests is the realization that accurate and reliable scientific data are critical to our ability to predict, measure, and understand changes in our global environment. The role of the academic science community in providing such data has traditionally been strong. University research provides a measure of quality control by which policy-makers and regulators at all levels of government can make informed judgements as to the formulation and implementation of sound environmental management policy.

The FY 1991 budget request is a good start by this Administration in following up its verbal commitment to education and the environment. We are encouraged that some agencies which have not traditionally supported university research to any large degree, such as the National Oceanic and Atmospheric Administration, have stated that they will commit up to 40% of individual programs to extramural support. This support for the academic community bodes well for the training of future scientists as well as for the state of future scientific development.

As the 1990s unfold, the United States will have to make sweeping decisions as to the direction and magnitude of its environmental policies. The Marine Division of NASULGC accepts its responsibility as part of the larger framework of the academic science community to be able to provide the scientific personnel and data with which to effectively evaluate and implement these decisions.

One Dupont Circle, NW · Suite 710 · Washington, DC 20036-1191 · 202/778-0818 · FAX 202/296-6456

National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

National Association of State Universities and Land-Grant Colleges
Marine Division

White Paper

General NSF Outlook

The Marine Division of NASULGC endorses the Administration's FY 1991 budget request for the programs of the National Science Foundation (NSF). The President's request of $2.4 billion for NSF represents a $300 million or 14 percent increase over the FY 1990 appropriated level. This growth rate is a step toward meeting the Administration's commitment to doubling the NSF budget over a five-year period.

The Marine Division is particularly encouraged to note that significant increases for research and facilities and for educational development in the FY 1991 request. Specifically, these increases represent: 1) the strengthening of the research base and improving academic research equipment and facilities which will total $1.81 billion (a $183 million or 11 percent increase over FY 1990); and 2) the critical emphasis on education and human resources development programs which will total $463 million (a $106 million or 30 percent increase over FY 1990). The Marine Division is encouraged by the Administration's realization of the importance of improving science and engineering training at all levels of education, thus ensuring a viable pool of highly trained and highly skilled individuals capable of addressing the complex scientific questions that our nation will be facing in the future.

Even though the Foundation's overall 14 percent increase is significant, it should be noted that it is due in part to the increasingly broad mission of NSF. In many disciplines the projected increase is insufficient to meet the growing cost of research and many meritorious proposals remain unfunded. We urge that the Foundation remain vigilant to protect the individual investigator performing basic research. This keystone of U.S. research success should never be sacrificed to support large, directed programs, no matter how praiseworthy their goals.

In general, the Administration's request for NSF represents a positive step towards building the necessary linkages between scientific research and the development and implementation of sound environmental policy. The Marine Division is encouraged to see the continued strengthening of the relationship between NSF and the university community. We strongly believe that the universities should continue to play a critical role in providing accurate and reliable scientific data to decision-makers at all levels of government.

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and Land-Grant Colleges

Robert L. Clodius, President

National Association of State Universities and Land Grant Colleges
Marine Division

White Paper

NSF — Global Change and The Base

The Marine Division of NASULGC commends the support that the President's FY 1991 budget gives to the facet of the U.S. Global Change Research Program sponsored by the National Science Foundation. The U.S. Global Change Research Program represents the integration of research to examine global environmental processes among 12 different federal agencies. It is a critical research program, the goal of which is to establish the scientific basis for policy making relating to changes in the global earth system. The FY 1991 request for NSF's focused global change research is $103 million, an 87% increase over the FY 1990 appropriated level.

Although the Administration's support of the Global Change Program within NSF is encouraging, we note that the overall percentage increase for NSF requested in the FY 1991 budget (14%) is much less than that for global change (87%). Even more distressing is that the percentage increase for research and development within NSF, not including global change research, is less than the overall increase (10% vs 14%).

While we support the increase for research in Global Change at NSF, we caution against the erosion of the basic programs that form the core of NSF research. Traditionally, it has been the individual investigator performing basic research that ultimately has led to major advancements. This tradition must continue if the United States is to preserve its world position in basic science. We urge that, under no circumstances, should the basic individual-investigator research programs be compromised, even for important new focussed programs.

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Robert L. Clodius, President

National Association of State Universities and Land-Grant Colleges
Marine Division

White Paper

EPA and Global Change

The Marine Division of NASULGC applauds the increased role proposed for the Environmental Protection Agency in the U.S. Global Change Research Program. The U.S. Global Change Research Program represents the integration of research to examine global environmental processes among 12 different federal agencies. It is a critical research program, the goal of which is to establish the scientific basis for policy making relating to changes in the global earth system. EPA's program will contribute to the process-level understanding and modeling capabilities needed to predict global change, and the President has requested a 97% increase in EPA's global change budget in FY 1991, to $26 million.

Although the EPA has traditionally been a regulatory agency, its purview in recent years has expanded. With the suggestion, now on the House floor, that EPA become a cabinet-level Department of Environmental Protection, its scope will no doubt expand further. We are pleased that EPA's enhanced scope includes a strengthening of its role in basic research. We urge the Agency to take full advantage of the pool of talent in academic institutions and independent research laboratories as it develops its Global Change research strategy. This talent pool provides flexibility of expertise and, by involving graduate students and post-doctoral researchers in the Agency's problems, helps to redress the nation's technical personnel shortage. We suggest that the research plan include a firm percentage commitment to extramural programs, following the model of many other federal agencies.

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Robert L. Clodius, President

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Marine Division

White Paper

EPA and the Coastal Ocean

The Marine Division of NASULGC supports the increased role that the Environmental Protection Agency is taking to protect and manage the resources of our Coastal Ocean. The Coastal Ocean is an area rich in resources, ranging from esthetic to commercial, that are of critical importance. Increasing and competing demands on these resources necessitate that we recognize this importance, and develop sound scientific research and policy initiatives to provide for comprehensive management.

In 1991, part of EPA's Environmental Monitoring and Assessment Program (EMAP) will focus on estuaries of the mid-Atlantic and Gulf Coast Regions. In the Gulf of Mexico, EPA is co-operating with other federal and state agencies, including NOAA, the Fish and Wildlife Service, and NASA, to develop and implement a comprehensive strategy for managing and protecting the resources of the Gulf.

We applaud these initiatives within EPA. We hope to see such inter-agency co-operation continue and expand in the the future. In addressing its research needs, we urge the agency to make full and effective use of the academic institutions and independent research laboratories that have carried out most of the basic research in the coastal zone of the U.S., and that produce the graduates and postdoctoral researchers who are required to staff the future research activities of EPA and its co-operating agencies. A firm commitment to a strong and continuing extramural research program, comparable to other federal agenicies, will serve EPA well both now and in the future. It is imperative that the EPA continue and expand its scientific and technical support for the comprehensive management of our Coastal Ocean.

One Dupont Circle, NW · Suite 710 · Washington, DC 20036-1191 · 202/778-0818 · FAX 202/296-6456

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and Land-Grant Colleges

Robert L. Clodius, President

TESTIMONY

SUBMITTED TO

THE SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS
U. S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

COMMITTEE ON THE ENVIRONMENT

OF THE

NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

BY

DR. THEODORE L. HULLAR

CHANCELLOR, UNIVERSITY OF CALIFORNIA AT DAVIS
AND
CHAIRMAN, COMMITTEE ON THE ENVIRONMENT

MAY 1, 1990

One Dupont Circle, NW · Suite 710 · Washington, DC 20036-1191 · 202/778-0818 · FAX 202/296-6456

STATEMENT OF DR. THEODORE L. HULLAR, CHANCELLOR OF THE UNIVERSITY OF CALIFORNIA AT DAVIS AND CHAIR OF THE COMMITTEE ON THE ENVIRONMENT FOR THE NATIONAL ASSOCIATION OF STATE UNVIERSITIES AND LAND-GRANT COLLEGES, FOR THE SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES OF THE COMMITTEE ON APPROPRIATIONS OF THE U. S. HOUSE OF REPRESENTATIVES

Mr. Chairman and members of the Subcommittee, my name is Theodore L. Hullar, and I am the Chancellor of the University of California at Davis. I also chair the Committee on the Environment for the National Association of State Universities and Land-Grant Colleges (NASULGC). On behalf of the Committee on the Environment, I am pleased to offer this statement in support of funding for the Exploratory Research Grants Program and the Environmental Research Centers Program of the Environmental Protection Agency (EPA).

In his Fiscal Year 1991 budget submission to Congress, President Bush requested $28.2 million for the exploratory research grants and $4.6 million for the environmental research centers. We support this increase in funding for these programs, and we would encourage you and your colleagues to consider further increases in funding for the grants and centers program totaling $35 million and $8 million respectively.

NASULGC's Committee on the Environment is vitally concerned about the nature, extent, and levels of funding for the long-term environmental research agenda of the Environmental Protection Agency. Even though NASULGC has recommended funding increases, available funds for the competitive grants program and the research centers program have steadily eroded during the past ten years. There has been drastic reduction in funding that inversely parallels the degree of environmental problems. The environmental and ecological problems facing this nation in the 1990s are too complex and poorly understood for "quick-fix" science. Therefore, both of these programs are extremely important because of their long-term potential and probability of producing innovative research.

Funding for the grants program must be distributed among the different disciplines within the grants program. The average award is $100,000 per grant year. Essentially all of the grants require multi-year funding, and this limits the number of new awards that can be made.

The typical grant awarded through the competitive process of the Exploratory Research Grant Program averages 2.4 years and can be resubmitted for the peer review process for further continuation. The likelihood of success for extended funding is remote due to the limited availability of funds. Thus, worthy research deserving long-term funding goes unsupported.

There are several reasons why the Exploratory Research Grants Program (investigator-initiated competitive grants) should be supported. This grants program fulfills a function distinct from that of other agencies in that most of its resources are devoted to research relevant to EPA's mission. Grants are awarded after a peer-review process that ensures that the funded projects are of the highest scientific quality. It should be noted that the review panels, composed of many of our best environmental scientists, approve only 33 percent of the proposals reviewed — an approval rate much lower than some other federal grant programs.

Funding of this competitive grants program is a form of scientific investment at a time when our needs are greater than ever before and the demands for creative approaches to understanding and solving problems affecting the quality of life for every citizen are growing daily. The complex problems of today and the future require the Environmental Protection Agency to have a strong base of research to open new avenues that help us understand these problems and maintain a stream of new information from which to draw for the solutions.

The Environmental Research Centers Program was created by EPA to: (1) provide research and training that emphasize long-term environmental problems; (2) forecast future problems by focusing and evaluating a large body of scientific knowledge; and, (3) providing guidelines regarding the kinds of research needed to evaluate the extent of existing and emerging problems. Center programs are formulated in concert with local and national advisory committees and with the EPA project officer.

It was EPA's original intention to fund each unit in the Centers Program at $1 million annually. However, that amount was reduced by one-half and the program was injured before it started. This diminished EPA's interest in the Centers Program, and the funding has remained virtually constant. As an example, the Ecosystems Research Center at Cornell University received $540,000 (including add-on funding) in Fiscal Year 1989 — just $40,000 more than was alloted in 1980. Using the GNP price deflator for the period of 1980-1988 of 42 percent, this Center should have received $767,000 in Fiscal Year 1989 just to preserve parity. Scientists are unable to focus research on mounting problems (such as global change, toxic waste, and marine pollution) that are national and global in nature on reduced funding. Full funding of the Centers Program is needed if they are to achieve their intended purposes.

In conclusion, the Exploratory Research Grants Program and the Environmental Research Centers Program are essential elements in accomplishing EPA's mandate for regulatory control of and pollution abatement in the environment. The need for long-term research, training, solutions, and the development of intellectual capital will continue to grow. We hope that this Subcommittee will continue and increase its support for both of these important programs.

Statement on Behalf of the
NATIONAL ENVIRONMENTAL TRAINING ASSOCIATION
as Testimony for the
CONGRESSIONAL OVERSIGHT HEARINGS
Concerning Programs of the
U.S. ENVIRONMENTAL PROTECTION AGENCY

Submitted to:
Subcommittee on Housing & Urban Development
and Independent Agencies of the
House Appropriations Committee

Spring 1990

Prepared by:
Government Affairs Committee
National Environmental Training Association

INTRODUCTION

This testimony is presented by the National Environmental Training Association (NETA) to support Congress's commitment to the development of a competent national environmental work force. This testimony:

- summarizes the status of training capabilities developed under currently funded programs;
- provides an overview of accomplishments with those appropriations; and,
- presents recommendations for future program direction.

In this testimony, NETA is presenting an overall environmental work force development strategy. We have prepared this strategy to complement other existing programs, to take maximum advantage of all existing resources. The objectives we present for existing and proposed programs are both immediate and long term. The critical importance of pollution prevention is recognized and emphasized, while programs needed to achieve specific, near-term compliance are also addressed.

NETA is an international not-for-profit educational and professional association of environmental trainers which is supported by member dues, grants, publications and training activities. Environmental trainers provide vocational instruction, technical assistance, and employee training in environmental control and regulation. They are employed by educational institutions, at all levels of government, and in the manufacturing and service industries.

NETA is committed to pollution prevention and compliance through Integrated Compliance Strategies (ICS). The ICS concept provides a blueprint to integrate training and technical assistance with enforcement to improve performance, prevent pollution, and achieve compliance. NETA believes that training and technical assistance must be institutionalized and made self sufficient at the state and local levels. Training and technical assistance are critical in preparing the work force to:

- recognize and implement pollution prevention opportunities;
- apply the mandated standards and criteria; and,
- implement appropriate technology.

State Environmental Training Centers (SETCs), thirty-nine of which were established under Section 109b, are excellent examples of how institutionalization of training and technical assistance can work. Under the 109b program, the SETCs began as state wastewater training centers. In succeeding years, they have evolved into a national network of multi-media training and technical assistance resource centers funded by local and state revenues, training fees, and limited federal assistance.

Over the past several years, Congress has acted upon recommendations to support environmental training at the federal, state and local levels. As a result, significant progress has been made at all levels in the understanding of training as a cost-effective pollution prevention, compliance and management tool. States have demonstrated interest and responsibility by developing comprehensive plans to train a competent state work force to maintain the level of environmental control mandated by the Federal government. The process of institutionalization of training also has begun at the state level, through Congress's funding of planning and technical assistance projects in wastewater and RCRA compliance.

The U.S. EPA has followed Congress's lead with the development of the Office of Technology Transfer and Training, and has established training advisory committees and committed people and additional funding for the technical assistance projects you initiated. The RCRA Integrated Training and Technical Assistance (RITTA) initiative, which Congress mandated and funded, continues to be a top priority within EPA. Traditionally, states mirror the Federal agency in this area. As a result of Congress's past actions, we can expect -- and have already started to observe -- a ripple effect in state agency attention and commitment to training, technical assistance and technology transfer.

* * * * *

STATEMENTS OF THE NEEDS, STATUS OR BACKGROUND, AND RECOMMENDATIONS FOR SPECIFIC PROGRAM AREAS

I

WASTEWATER OPERATOR TRAINING AND TECHNICAL ASSISTANCE

State wastewater operator training and technical assistance programs have made significant progress toward achieving institutionalization and self-sufficiency. These efforts are ongoing, but until full independence is reached many state programs will continue to need a level of federal funding.

Congress has invested several million dollars over the last ten years in this effort, using a two-pronged approach toward training personnel at publicly owned wastewater treatment plants.

- o The pilot 104g technical assistance project has brought hundreds of plants into compliance with NPDES permits and the Clean Water Act.

- A national model State Training Action Plan (STAP) was developed, introduced to, and used by state agencies nationwide. Thirty-nine states received direct planning assistance in the process. The resulting programs, based on a state Integrated Compliance Strategy (ICS), have left a legacy of vastly improved, comprehensive training programs for wastewater treatment plant operators and regulatory staff. The programs improved inter- and intra-agency communications with the state regulatory agency, provided training budgets for state environmental control agencies, and led to legislation which guarantees program funding continuity.

Recommendation:

As many states still require funding assistance, Congress is encouraged to continue funding for wastewater operator training under the 104g program at least at the FY90 funding level. This will assure that the state programs and State Environmental Training Centers can continue the process of institutionalization and self-sufficiency.

II

RCRA INTEGRATED TRAINING AND TECHNICAL ASSISTANCE INITIATIVE

The RITTA project, which was funded by Congressional add-on funding in 1987 to develop RCRA State Training Action Plans (STAPs) and technical assistance, is proving to be even more successful than the earlier wastewater initiative. Fourteen states received state RITTA project grants to develop and implement STAPs. The states responded enthusiastically, establishing state training advisory committees, identifying training needs for state regulatory staff and the regulated community, identifying existing capabilities and establishing STAPs on how priorities will be financed.

Although the project has another year to go, some states -- such as Minnesota -- have already secured commitments from their state agencies to provide positions and funding to continue the training and technical assistance beyond the project term. All participating states have implemented technical assistance programs. In many cases -- for example Tennessee -- the program developed has proved to be a multi-media, pollution prevention program which reduces waste streams of all types. Tennessee's program is already being transferred to other states.

A recent workshop for the project participants highlighted some of the benefits of the RITTA project:

- The project planning process itself is very beneficial in identifying previously unknown training and technical assistance resources;
- it creates liaisons among agency personnel who have not worked together prior to the project; and,
- the resulting coordination and documentation of training and technical assistance needs focuses attention on priority areas.

Training and technical assistance are critical to implementing an effective multi-media pollution prevention initiative. The ICS concept must be re-tooled into a new "Integrated Pollution Prevention and Compliance Strategy (IPPCS)," to integrate pollution prevention into the more traditional environmental programs of wastewater, water, air, and solid and hazardous wastes.

Recommendations:

Congress is strongly encouraged to designate that FY90's add-on funds for RITTA, none of which has been dedicated yet for any specific activity, be used to upgrade the RCRA RITTA planning process to start re-focusing efforts toward the development of a Pollution Prevention Implementation Plan. This should include a field test of the concept in one of the existing RITTA states.

III

POLLUTION PREVENTION TRAINING AND TECHNICAL ASSISTANCE

There is a significant need for planning and cross-media training, to prepare state regulatory officials to recognize multi-media pollution prevention opportunities, and to integrate pollution prevention activities into local, state and federal environmental programs.

The RCRA Integrated Training and Technical Assistance (RITTA) Project, which is still underway in fourteen states, has demonstrated that the planning process for training and technical assistance for just this one area has unearthed potential benefits that reach far beyond the single media for which the Project was originally designed. The planning undertaken in many of the RITTA states surprisingly has achieved multi-media pollution prevention through waste reduction and front-end pollution prevention.

In preparing the State Training Action Plans, many states have been successful in identifying resources and coordination opportunities that were heretofore unrecognized. In working with these resources the need was highlighted, and potential capabilities demonstrated, for field inspectors and technical assistance personnel in specialized areas to recognize pollution prevention opportunities outside their own areas of responsibility.

Some of the state RITTA programs, most significantly that in Tennessee, identified this potential early in their planning and broadened their programs and adjusted their planning to account for multi-media waste streams. This suggests that the experiences of the successful RITTA program should be broadened and re-tooled, in its future phases with additional pilot states, into an overall pollution prevention training and technical assistance project.

Recommendation:

Congress is encouraged to allocate additional funds for a new effort to upgrade the RITTA waste minimization and training action plans to focus on the implementation of pollution prevention through training and technical assistance. The objective will be to institutionalize pollution prevention implementation at the state and local levels.

IV

SDWA - WATER REGULATIONS AND COMPLIANCE TRAINING

New amendments to the Federal Safe Drinking Water Act establish higher standards and more stringent criteria for public water supply systems to achieve compliance. The burden of implementing the federal supervisory program for public water supply systems ultimately settles upon state drinking water regulatory field staff and local health officials.

To meet their responsibilities and assure the competency of those charged with providing regulation and monitoring oversight, state drinking water offices will require access to specific, competency based training and instructional materials focused on the SDWA amendments. Instructional materials will need to be modular, with modules addressing specific water quality problems. This is necessary because the specific statewide and local water quality problems, and the resulting training needs, vary so widely from state to state. However, modules will be needed to cover all of the major problems.

Using add-on funds approved by congress last year specifically for technical assistance by State Environmental Training Centers (SETCs), EPA is planning to initiate this effort through the Water Regulations and Compliance Training 1990 Project (WRCT90), which will be developed through the SETC network. Funds are available, however, only to identify and develop about half of the training modules needed. Funding is not available for developing the remaining modules, nor for field testing and initial delivery of the program to introduce it to the state drinking water offices. The SETCs are an economical local resource for the continued delivery of state-specific training after its introduction.

Recommendation:

Congress is encouraged to support the development of the remaining training modules needed to train state drinking water regulatory field staff and local health officials in the SDWA amendments. Further, Congress is requested to provide support for the direct delivery of the initial, introductory training to the targeted state and local officials, to assure that the program is introduced and institutionalized nationally.

V

SAFE DRINKING WATER ACT: COMPREHENSIVE PERFORMANCE EVALUATIONS AND COMPOSITE CORRECTION PLANS FOR SMALL WATER SUPPLY SYSTEMS COMPLIANCE

Under the new Safe Drinking Water Act amendments, a very large number of primarily small community water supply systems will be unable to determine what they will need to do to come into compliance. They will require more complex treatment technology than they will be able to develop within their current resources. To address this problem, small systems will need help to:

- identify and prioritize performance problems which directly affect water quality, and
- select the appropriate technical assistance and resources which address their priority water quality problems.

These needs can be met through Comprehensive Performance Evaluations (CPE) and Plans (CCP). The CPE is an evaluation and analysis of performance problems, including financial considerations, prioritized by their impact on water quality. The CCP arises out of this evaluation, as the plan to solve the problems.

State Environmental Training Centers (SETCs) train operators, local officials, and state regulatory staff. Many SETCs currently are providing a form of CPE and CCP technical assistance under the 104g program. Further, most SETCs have existing rapport with all the groups potentially involved, and they have the technical capabilities to conduct the evaluations. Most SETCs also have the capability through their training advisory committees, or can draw on other state and community resources, to develop the plans and to coordinate the technical assistance required to help bring small water plants into compliance.

Recommendation:

Using the 104g program as a model, Congress is encouraged to provide specific funding for State Environmental Training Centers to conduct CCE's and assist in developing CCP's for small water plants, to identify and correct the most critical problems affecting water quality.

VI

AIR QUALITY TRAINING AND TECHNICAL ASSISTANCE

With the passage of the Clean Air Act, state regulatory and local health officials will experience the same intensive training requirements as those in the drinking water field, described earlier in this testimony.

State resources for the development and delivery of training for state and local regulatory personnel in the area of air quality are as limited as those available for water quality. The multiple demands upon many states for simultaneous improvements in different environmental media, as mandated by federal law, only complicate the already difficult problems the states face in achieving compliance. As with water quality training, state and local needs vary, suggesting that modular training materials can be developed most effectively at the national level. As in the case of the water quality instructional materials development and delivery project discussed separately, the network of SETCs is uniquely qualified to design and deliver the state specific training.

Recommendation:

Congress is encouraged to fund efforts to identify and validate the competency-based "need-to-know" criteria for air quality training, and for the development of a training guide to identify the needed course modules. This will allow the identification of the funding resources needed for the development of the full program, which is difficult to estimate at the present time.

* * * * *

The National Environmental Training Association appreciates the opportunity that Congress has provided us to testify on these matters. We look forward to working with you, to address these critical work force development areas, which are so vital to achieving our national environmental quality goals.

Working for the Nature of Tomorrow®
NATIONAL WILDLIFE FEDERATION
1400 Sixteenth Street, N.W., Washington, D.C. 20036-2266 (202) 797-6800

COMMENTS OF THE NATIONAL WILDLIFE FEDERATION

ON

THE PROPOSED FISCAL YEAR 1991 BUDGET

OF

THE OFFICE OF WETLANDS PROTECTION

AND

THE STATE WATER QUALITY GRANTS PROGRAM OF THE
ENVIRONMENTAL PROTECTION AGENCY

SUBMITTED TO

THE SUBCOMMITTEE ON VETERANS AFFAIRS, HOUSING
AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES

OF

THE HOUSE COMMITTEE ON APPROPRIATIONS

PREPARED BY

STEVEN N. MOYER
Legislative Representative - Fisheries

AND

CHARLOTTE P. WOLFE
Resources Conservation Intern

FISHERIES AND WILDLIFE DIVISION
NATIONAL WILDLIFE FEDERATION
May 10, 1990

Thank you for the opportunity to submit to the Subcommittee this statement on the Fiscal Year 1991 (FY 91) budget of the Environmental Protection Agency's Office of Wetlands Protection and its State Water Quality Grants program. The National Wildlife Federation (NWF) is the Nation's largest not-for-profit conservation-education organization, with 5.8 million members and supporters throughout the United States and in its 51 affiliated state- and territory-wide organizations. The NWF has a long-standing commitment to wetlands conservation, and we have presented our views to Congress on wetlands and the government agencies empowered to protect them since our founding in 1936. This statement sets out the NWF's recommendations for the wetlands-related programs of one of the most important of these agencies, the Environmental Protection Agency (EPA).

Office of Wetlands Protection

Through the Division of Water's Office of Wetlands Protection (OWP), EPA bears ultimate responsibility for administering Section (§) 404 of the Clean Water Act, the primary wetlands protection law currently in place. §404 regulates discharges of dredged or fill material into wetlands through the permit program administered jointly by the Army Corps of Engineers and EPA. EPA exercises its authority over the process by commenting on §404 permit applications to the Corps, as well as enforcing against unlawful discharges. Further, it is authorized to veto permits issued by the Corps if it deems the proposed activity to have an unacceptable adverse effect on municipal water supplies, shellfish beds, fishery areas, wildlife habitat or recreational areas.

In addition to these regulatory duties, the OWP has responsibility for providing the public with information and education on the value and functions of wetlands ecosystems. These services are critical in educating the American public as to the importance of wetlands and the laws protecting them, and serve as an important precursor to preventing the initiation of costly and environmentally unsound projects. In light of this need, the National Wetlands Policy Forum stressed the importance of these efforts by calling on the federal regulatory agencies to "expand their efforts to educate the public about the nature of the regulatory programs and the benefits they provide."

We commend the Administration on its request for an additional $5.0 million for the OWP, for a total of $13.8 million and 162 Full Time Equivalents (FTEs). The proposed addition of 50 FTEs to the headquarters and regional offices of the OWP will greatly increase the effectiveness of OWP in enforcing and responding to §404 permit applications, thereby contributing substantially towards the President's goal of no net loss of wetlands. Currently, several regions are dramatically understaffed, which severely handicaps EPA's review of the more than 15,000 permit applications processed by the Army Corps each year. In particular, this increase in FTEs would significantly relieve the field staff limitations which have hampered EPA's enforcement activities in the past.

However, this funding level fails to support the proposed additional 50 FTEs adequately. The Administration's proposal, which allocates $2.2 million to support the new FTEs, fails to account adequately for salary, benefits, overhead, and travel costs associated with each new FTE. For example, it is essential that follow-up evaluations be performed on permitted activities to ensure that EPA-proposed recommendations for avoidance or mitigation of wetlands are being accomplished. This follow-up often requires on-site visits, which would not be adequately funded without additional appropriations.

The ability to conduct on-site investigations for wetlands identification, permit review and monitoring, and enforcement are critical to maintaining a credible and effective program. In the abscence of additional funds, it is likely EPA will hire fewer personnel and use some of the FTE money to pay for travel and other support costs. In order to ensure that the new staff positions are filled, we recommend adding $1.3 million to the Administration's proposal for salary, benefits, travel, and overhead, for a program total of $15.1 million and 162 FTEs.

State Water Quality Grants

State wetland conservation programs are still in developmental stages, but hold much promise in helping the U.S. achieve the No Net Loss of wetlands goal in the future. These programs need federal funding, through the EPA's grants to states program, to continue to develop and become more effective. The NWF strongly supports such assistance. The Administration's proposal contains $5.0 million for grants to states, which the NWF supports. Grants are now provided through Section 104, which allows funds to be targeted to those states best able to use them. Therefore, the NWF supports the appropriation of $5.0 million to assist state wetlands programs, and commends the decision that these funds be disbursed through Section 104.

This completes our comments on the FY 1991 budget of EPA's OWP and its State Water Quality Grants program. Thank you for your consideration of these recommendations.

TESTIMONY OF
RICHARD B. GLAZER

REPRESENTING

The Professional Environmental Community concerned with the training of an Environmental Workforce.

ON

A statement in support of the United States Environmental Protection Agency's National Environmental Workforce Development Programs.

TO

Subcommittee for Veterans Affairs, Housing and Urban Development and Independent Agencies of the Committee on Appropriations in the House.

Washington, D.C.
May, 1990

Associate Dean of Mathematics, Physical and Engineering Sciences and Technologies

Westchester Community College
Valhalla, New York
10595

(914)285-6789

It is a pleasure to be here today and I wish to thank Chairman Traxler and the members of the Committee for providing me with the opportunity to address them.

I am Richard B. Glazer, Associate Dean of Mathematics, Physical and Engineering Sciences and Technologies at Westchester Community College. I also serve as presiding officer on several select committees on education, appointed by the Chancellor of the State University of New York, The American Association of Community and Junior Colleges and the Westchester County Executive; I also served for six years as Supervisor of the Town of Rosendale, New York.

I am here to express my grave concern on the plight of environmental training throughout the country, the lack of support for the training of an environmental workforce by the United Stated Environmental Protection Agency and the dire consequences this policy of non-support has had on the success of our multibillion dollar pollution control programs.

Current federal regulation now includes the Clean Water Act (CWA), the National Pollutant Discharge Elimination System (NPDES), the Safe Drinking Water Act (SDWA), the Resource Conservation and Recovery Act (RCRA), The Hazardous Materials Transportation Act (HMTA), the original Superfund and its Amendments and Reauthorization Act (SARA), The

Occupational Safety and Health Act (OSHA), the Toxic Substances Control Act (TSCA), and the new Clean Air Act (CAA). In addition, there is a host of state and local legislation which goes beyond the scope of the federal statues.

It seems incredible that the Environmental Protection Agency can spend so many billions of dollars on these programs without funding programs to develop a trained environmental workforce to work within them. This leaves us with the question: who is to monitor, test, analyze, transport, sample, inspect, oversee, report, dispose, manage and safely implement these environmental programs?

This year I signed a contract with Toyota Motors Inc. to develop and implement the Toyota Technician Training project at Westchester Community College. Toyota is requiring their technicians to have no less than an Associate Degree in Automotive Technology and is spending millions across the country to assure the worth of the automobiles the public purchases and provide the value they expect.

There are no similar requirements by EPA to run the wastewater treatment plants, drinking water plants, and the myriad pollution control programs that Congress has legislated and EPA has responsibility for. In fact, EPA has taken the exact opposite tack... zero funding for community college academic training, continuing education, workforce forecasting and conferences, minority programs, curriculum and program development, and workforce needs assessment.

I am reminded of the classic discussion between Alice and the Chesire Cat in Alice in Wonderland. Alice asked the Cat, "Would you tell me, please, which way I ought to walk from here?" "That depends a good deal on where you want to get to," said the Cat. "I don't much care where," said Alice. "Then it doesn't matter which way you walk," said the Cat.

Our country has made very clear that when it comes to environmental issues and quality, we know where we want to go. Congress has responded intelligently and with great will. EPA must be its instrument, not its adversary. It must work with the Congress to alleviate the growing public frustration over the government's failure to assure the worth of their pollution control and abatement programs.

A trained environmental workforce will be a significant step in this direction. The Agency's Workforce Development Staff, along with the Workforce Coordinating Committee, has done an outstanding job in administering these funds when supplied. They have coordinated national training efforts that have targeted high priority environmental training needs and provided a payback well beyond the initial monies spent. For these reasons, I am asking the Congress to reinstate

$5,000,000 in academic training funds into EPA's FY 1990 budget.

PROPOSED BUDGET

Community College Technician Training, curriculum development and minority programs	$2,000,000
Continuation of forecasting surveys	250,000
Air, water and abatement control compliance	1,000,000
Air Pollution Training Centers	250,000
Workforce Development Conference	100,000
Curriculum Development across disciplines	100,000
Minority Programs in Water Quality	50,000
Computer model workforce and regulation needs	250,000
Drinking and Wastewater Fellowships to States	750,000
Training of minority students in traditional minority schools	250,000
	$5,000,000

I wish to thank the Committee for its graciousness and support over the years. I will be happy to answer any questions.

ASWPCA

ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS
HALL OF THE STATES • 444 NORTH CAPITOL STREET, NW • SUITE 330 • WASHINGTON, DC 20001-1512 • (202) 624-7782

Association of State and Interstate
Water Pollution Control Administrators

Testimony before the

House Subcommittee on Veterans Affairs,
HUD, and Independent Agencies

May 1990

Association of State and Interstate
Water Pollution Control Administrators
Testimony before the
House Subcommittee on Veterans Affairs,
HUD, and Independent Agencies
May 1990

The Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) represents those officials who manage surface and groundwater programs in the States.

Since passage of the Clean Water Act, the success of our nation's clean water efforts has been well recognized and documented before this Committee. Tremendous progress has been made, but much remains to be done. The 1987 Water Quality Act set forth bold new initiatives, with broad and complex programs to transition from construction grants to the State Revolving Loan Fund, eliminate toxics problems, permit stormwater discharges, manage nonpoint sources, and dispose of sludge.

While States do not expect the Federal government to bear the entire burden for clean water programs, we do look to Congress to assure the Federal fair share to implement national mandates. Unfortunately, the Administration's 1991 Budget represents significant reductions below FY 1990 levels for municipal wastewater treatment (-20%) and State management assistance (-9%) (see attached). Further action is needed to maintain the progress achieved and address the environmental problems of the 1990s.

ASIWPCA RECOMMENDATIONS:

1. **$2.4 Billion is needed for the State Revolving Loan Fund (SRF).** At a minimum, the existing FY 1990 funding level ($2.0 Billion) needs to be sustained through 1994 to fulfill the $18 Billion Congressional commitment under the 1987 Clean Water Act.

2. **The President's $81.7 Million Budget request for Section 106 should be supported.**

3. **The President's proposed $16.5 Million in additional funding should be dedicated, under Section 106, to implementing Section 402 NPDES program activities** in delegated and nondelegated States. These funds should not be diverted to special interests in "one time" Section 104(b) cooperative agreements.

4. **At a minimum the existing FY 1990 funding level needs to be maintained for the:**

   .. **Section 319 nonpoint source control program at $40 Million.**
   .. **Section 314 Clean Lakes Program at $10 Million.**

I. STATE MANAGEMENT OF THE NATIONAL WATER PROGRAM

Congress enacted Section 106 to promote State management of the national water program. That strategy has been effective, but recent developments raise cause for concern:

- **Environmental mandates placed on the States have increased dramatically, and**
- **Federal support to States is declining with termination of Section 205 Construction Grants setasides for the base water program activities.**

Funding for State water pollution control programs should be commensurate with national expectations for performance, as specified in the new 1987 requirements, to maintain progress achieved since 1972. Specifically, $644 Million would be required by States to manage Clean Water Act programs in FY 91. This includes $190 Million to implement the 1987 Water Quality Act. At least $140 million in Federal funding is needed to offset elimination of Title II setasides and operate the over $600 million baseline State program, with a modest Federal fair share at the 20-25% level.

A. **Administration's Budget** -- Rather than recognize growing responsibilities, the Administration has cut funding for State management by 9%. While we support the $81.7 Million request for Section 106 State management assistance, we strongly oppose allocating an additional $16.5 Million to Section 104(b) cooperative agreements -- when the bare essentials of baseline Clean Water Act implementation go unaddressed.

States do not need 104(b) to be innovative -- they have a long history of such activities in the base 106 program. Nor do they need more bureaucratic USEPA special interest grant programs. **What they do need is a long term, stable Federal funding commitment**. Using 104(b) as interim relief from elimination of Section 205 with the hope that States will develop alternative financing, misses the point. States are deluged with Clean Water financing needs the Federal government cannot support. They should not be expected, in addition, to replace the Federal role. The best opportunity this nation has to build permitting, enforcement, monitoring, pretreatment, sludge and standards programs -- with available funds -- is to maintain a strong base program. More significant water quality cleanup can be achieved.

B. ASIWPCA Recommendations:

1) **The President's proposed FY 1991 funding of $81.7 million for Section 106 is a positive step towards achieving State program adequacy.**

2) **The President's proposed $16.5 million in other funding should be allocated, under the auspices of Section 106, to implementation of the Section 402 NPDES program to ensure that permitting, compliance, inspection and enforcement functions are properly administered.** Ultimately, funding for States' participation in the NPDES program should be addressed on its own merits due to the burgeoning demands and increasingly sophisticated programs required to control conventional and toxic pollution.

II. MUNICIPAL WASTEWATER TREATMENT

The Clean Water Act goal in the Title VI State Revolving Loan Fund (SRF) was to create self-sufficiency at the State and Local levels to address needed municipal wastewater management facilities as well as nonpoint source and estuarine programs. That goal was accepted by States and Local governments when they agreed -- in order to facilitate Federal deficit reductions and take the "high road" -- to assume responsibility in perpetuity for over $83 Billion in USEPA estimated wastewater treatment plant construction needs in exchange for an $18 billion Federal financing commitment before SRF phase-out in FY 1994. While the 1987 Water Quality Act set forth an orderly transition from the Grants program to the SRF, appropriations have been made far below authorized levels.

There is no substitute for full funding. To delay will more than double the actual cost of preventing pollution and meeting statutory requirements. Underfunding is seriously inhibiting the States' ability to address not only traditional needs, but also combined sewer overflows, stormwater, coastal pollution and nonpoint sources.

A. **Administration's Budget** -- The $1.6 Billion Administration Budget request for the State Revolving Loan Fund in FY 91 -- a 33% reduction from authorized levels -- violates the $18 Billion covenant with long term adverse effects.

- **The goals of the SRF cannot be successfully achieved** at reduced funding levels,
- **Municipal non-compliance will undoubtedly escalate,**
- **Municipal pollution control costs will increase,** to prohibitive levels for many small and financially hard-pressed communities, and
- **The quality of the nation's waters will undoubtedly deteriorate.**

1. **44 States have approved SRF capitalization grants from USEPA and can utilize full funding.**

2. Local communities are ready to proceed. **7,193 additional wastewater projects totaling over $40 Billion have been identified by the States as loan recipients over the next 4-5 years.** 395 of these projects totalling over $5 Billion need support to meet the July 1, 1988 National Municipal policy requirements. Of the 7,193 projects:

   - 40% are needed to maintain future compliance, e.g. facility replacement or expansion,
   - 36% address water quality and/or public health problems,
   - 33% are small communities (generally less than 3500 population), and
   - 13% must upgrade to secondary treatment.

   [Note: Projects can have more than one reason]

3. **Full funding is critical to assuring affordable treatment -- Small communities will be particularly hard hit** by reduced funding because, without the SRF, they frequently cannot access the bond market or secure affordable financing. Without SRF funding, user charges would increase. For example, at a 2% interest rate, West Virginia estimates user charges under the SRF to be $35-45 monthly, compared to $70-80 without the SRF. Given the large needs States have assumed, the Federal funding investment cannot be replaced. State bonding capacity is limited.

B. **ASIWPCA Recommendation: $2.4 Billion is needed for the State Revolving Loan Fund (SRF). Appropriations for FY 1991 - 1994 should be adjusted accordingly to complete the $18 Billion commitment in a timely manner. At a minimum, the existing FY 1990 funding level of $2.0 Billion needs to be sustained.** ASIWPCA also believes there is a need to retain the $2.4 Billion appropriation after FY 1994 to enable States to address combined sewer overflows, toxic pollutants, stormwater correction, and other needs which have gained emphasis since the passage of Title VI.

III. NONPOINT SOURCES

Full attainment of water quality standards for much of the nation's waters will only be accomplished with State management of nonpoint pollution sources. While they must be addressed at the State and Local levels, Federal financial support is essential to achieve a credible and cohesive national program.

A. **Administration Budget**: The Administration Budget, however, provides minimal funds for Section 319 nonpoint source control -- $14.3 Million or a 63% reduction from the current $38.9 Million level. While States were in a position to conduct minimal efforts with Section 205(j) funding, those activities will be eliminated with termination of Title II. And, while nonpoint sources can be funded under the SRF once enforceable requirements are met, the limited level of SRF funding does not provide this option for the majority of the States.

B. ASIWPCA Recommendation: **Section 319 should be supported, at a minimum, at the FY 1990 level to enable States to continue to develop and implement effective programs.** Congressional appropriations in FY 1991 and beyond should be continued until the total authorized level of $400 million has been achieved.

IV. CLEAN LAKES

Section 314 needs to be funded at a level which recognizes the key role the Clean Lakes Program plays in managing the nation's lakes for maximum beneficial use and public enjoyment. Appropriations should be sufficient to support meaningful efforts to continue assessment, identification and implementation of methods and procedures to restore lake quality.

ASIWPCA Recommendation: $10 million should be maintained annually to assure a minimum level necessary to make progress in lake management.

SUMMARY

The public places a high priority on environmental protection. Clean water is this nation's most precious resource -- held in trust for future generations. The Clean Water Program has made significant contributions to this nation's economic and environmental well being with the 1987 Water Quality Act. Adequate levels of Federal funding are vital to these efforts. We urge the Committee to stand by those covenants. States are willing to do more than their share, but simply cannot bear the funding burden alone.

Attachments:

A. SRF Survey detailed results for Appropriations Subcommittee States
B. Summary SRF Survey results for the 50 States
C. Comparison of President's Budget with Current Levels

WWEMA

Water & Wastewater Equipment
Manufacturers Association, Inc.
P.O. Box 17402
Dulles International Airport
Washington, D.C. 20041
(703) 444-1777
Fax (703) 444-1779

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WWEMA

Statement of the

Water and Wastewater Equipment Manufacturers Association

before the

Subcommittee on VA, HUD and Independent Agencies

Committee on Appropriations

U.S. House of Representatives

on the

Proposed Fiscal 1991 Budget

for the

U. S. Environmental Protection Agency

May 16, 1990

The Water and Wastewater Equipment Manufacturers Association (WWEMA) is honored to have this opportunity to present its views relative to the fiscal 1991 budget requirements for the U. S. Environmental Protection Agency.

WWEMA has been in existence for eighty-two years representing corporations that manufacture technology sold to the water supply and wastewater treatment industry. Our members serve industrial and municipal customers throughout the United States by providing treatment technology used to achieve compliance with the Nation's Clean Water Act and Safe Drinking Water Act.

WWEMA members share a common goal with the U. S. Environmental Protection Agency in striving to provide a healthy environment through adequate wastewater treatment and disposal practices, and in supporting the public's need for safe drinking water supplies.

Congress committed its support for these goals through reauthorization of the Clean Water Act in 1987 and Safe Drinking Water Act in 1986. We seek your Subcommittee's assistance today in providing EPA and the states with sufficient resource support to properly administer these laws and ensure their attainment.

WWEMA has identified two critical areas that deserve careful consideration by this Subcommittee as it contemplates the appropriating of funds for the EPA in fiscal 1991. These being the transition from direct federal grants to capitalization of state revolving fund (SRF) programs for financing the Nation's wastewater treatment needs, and the resource requirements for the states to adequately administer the Clean Water Act and Safe Drinking Water Act.

Wastewater Treatment

The 1987 amendments to the Clean Water Act reflected Congress' commitment to protect the quality of the Nation's water resources by creating new programs to control the release of pollutants into waterways. New programs were established to control non-point source pollutants, such as agricultural runoffs; to correct the massive problem of combined sewer overflows which may cause direct dumping of raw sewage into rivers during wet weather conditions; and to eliminate the discharge of toxic substances to the Nation's waters.

At the same time, Congress acknowledged that while much progress had been attained in cleaning up the Nation's water resources from point source pollution (at the end of the pipe), much remained to be done beyond the $77 billion that had been invested to date in the construction of grant-assisted wastewater treatment facilities.

EPA identified in its 1988 Needs Survey a total of 10,835 facilities with documented water quality or public health problems and estimated the need for an additional $83.5 billion of capital investment to address the Nation's wastewater treatment needs in order to achieve compliance with the Clean Water Act. These needs do not even take into account the new programs established by the 1987 amendments to the Act.

Faced with an ever-increasing federal deficit, Congress recognized that it could not continue to support the EPA construction grants program through direct federal grants to meet these enormous needs. In a responsive - and responsible - manner, Congress, the Administration and the States essentially "struck a unique deal" whereby the federal construction grants program would be phased out over a five-year period and be replaced by self-sufficient state revolving fund programs dedicated to financing the Nation's future water quality needs.

To facilitate in the establishment of these state revolving funds, federal monies were to be provided to the states in the form of capitalization grants requiring a 20% state match. The states would loan these funds to communities requiring a payback with interest over a 20-year period, thus ensuring that these programs remain in perpetuity.

The states and local governments agreed to assume $83.5 billion in needs and assume full responsibility for local wastewater treatment needs in return for $18 billion in federal capitalization grants. Unfortunately, the Administration has reneged on its commitment by continuing to request less funding than was agreed to under this unique scenario.

Congress had authorized $9.6 billion between FY 1986 and FY 1990 for the construction grants program and $8.4 billion between FY 1989 and FY 1994 for the capitalization of state revolving funds. Over the past five years, these programs have experienced a $1.6 billion shortfall from what was authorized to what was actually appropriated. For FY 1991, the Administration has only requested $1.6 billion for the state revolving fund program, a 33% reduction from the authorized level of $2.4 billion!

Unless Congress takes control of this downward spiral, the Nation will again experience the tragedies of the past whereby the Nation's water resources will be subject to deterioration and America's infrastructure will suffer from greater neglect and disrepair. Most harmed will be the Nation's small communities which have yet to received needed financial assistance to meet their basic water pollution control needs.

WWEMA urges this Subcommittee to appropriate, at minimum, the full $2.4 billion authorized for the state revolving fund program. In addition, WWEMA calls upon this Subcommittee to be prepared to take action in FY 1992 through FY 1994 to fund this program at a level which will ensure that the full $18 billion authorized by the 1987 amendments to the Clean Water Act is committed to capitalize these state revolving funds to meet the enormous water pollution control needs facing our Nation.

State Resources

On a related matter, WWEMA would like to alert this Subcommittee of the vital need to support the administrative costs of the states to administer the laws set forth by the Federal government. Through primacy agreements, the states have assumed responsibility to implement and enforce these Federal laws as mandated by Congress.

In the wastewater program, full funding of the state revolving loan program will provide the states with needed financial resources by allowing four percent of all grant awards to be directed toward this purpose.

Of greater concern to WWEMA is the lack of available funds to support the administrative needs of the states to carry out the numerous provisions of the Safe Drinking Water Act. This law calls for an increase from 22 to more than 100 contaminants which will have to be regulated by the states by 1992.

According to a recent EPA study, the states will need $180 million in one time start-up costs between now and 1992 to implement the regulations being developed and promulgated by EPA in response to mandates contained in the Act. After these regulations are adopted, the states will need an additional $150 million annually to properly implement and enforce these regulations. This amount is over and above the resources currently being expended annually by state programs.

To adequately meet increasing responsibilities, WWEMA supports the request of the Association of State Drinking Water Administrators (ASDWA) to increase funding levels for public water supply supervision (PWSS) grants from its current level of $40.45 million in FY 1990 to $93.45 million in FY 1992. This will require an increase of $19.5 million above the Administration's request in FY 1991 for a total of $66.95 million, followed by an increase of $26.5 million in FY 1992.

Although Congress is authorized to fund up to 75% of the costs of drinking water programs, these amounts only support one-half of the costs that will be borne by the states to administer this vital law. Failure to provide these resource needs to the states could result in a decision by the states to relinquish their primacy rights, forcing the Federal government to assume full responsibility for administering the law using Federal funds. Not only is this a cost the Federal government cannot afford, but it would likely result in the demise of the Nation's ambitious drinking water program which has just begun to take effect.

While we recognize that your Subcommittee faces a heroic challenge of disbursing limited funds among many credible programs, we sincerely hope that you will give favorable consideration to the needs of the programs addressed in our testimony. These programs represent minimum requirements to protect public health and ensure a stable economy through sound environmental infrastructure initiatives.

Thank you for this opportunity.

National Conference of State Legislatures

444 North Capitol Street, N.W.
Suite 500
Washington, D.C. 20001
202/624-5400
FAX/202-737-1069

Lee A. Daniels
House Minority Leader
Illinois
President, NCSL

Patrick J. O'Donnell
Clerk of the Legislature
Nebraska
Staff Chair, NCSL

William T. Pound
Executive Director

STATEMENT FOR THE RECORD

SUBMITTED BY

GERALD W. WINEGRAD

STATE SENATOR, MARYLAND

ON BEHALF OF

THE NATIONAL CONFERENCE

OF STATE LEGISLATURES

TO THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON

VA, HUD AND INDEPENDENT AGENCIES

MAY 1, 1990

SUMMARY OF MAJOR POINTS

- The President's Budget includes only $1.6 billion in funding under the Clean Water Act for wastewater treatment facilities, a level woefully inadequate to meet needs of the states to achieve clean water.

- FY 91 funding below the $2.4 billion authorized can only lead to delays in or elimination of funding for projects through state revolving funds. Project delays or cancellations can contribute to the degradation of water quality.

- Congress should also appropriate full funding for non-point source pollution control as authorized by the Clean Water Act of 1987. This is essential to restore and protect water quality because of the significant pollutant loading from non-point source pollution.

- While the National Conference of State Legislatures (NCSL) fully supports the need for federal deficit reduction, the organization has identified several key programs which are priorities for full funding. Funding for wastewater treatment and non-point source pollution control fall into this category.

- Congress and the Administration should honor the funding terms included in the reauthorization of the Clean Water Act. These terms, designating $2.4 billion through FY 91 for capitalization of state revolving funds, have yet to be adhered to.

- Underfunding at the federal level erodes the intergovernmental partnership necessary to ensure clean water.

- Without full funding, states will be seriously hampered in efforts to effectively establish revolving funds and non-point source pollution control programs, and the long-term success of the entire water pollution control program will be imperiled.

Mr. Chairman and Members of the Committee. My name is Gerald W. Winegrad, and I am a member of the Maryland State Senate. I serve as Chairman of the Subcommittee on the Chesapeake Bay of the Committee on Economic and Environmental Affairs. I also serve on the Tri-State Chesapeake Bay Commission. In addition, I serve on the Environment Committee of the National Conference of State Legislatures (NCSL), an organization representing the legislators and staff of the nation's 50 states, its commonwealths and territories. It is on behalf of NCSL that I am submitting this statement for the record.

I would like to bring to your attention concerns that many states have regarding FY 91 funding for wastewater treatment projects and non-point source pollution control. Both are proposed for substantial reductions which can only be rectified if Congress acts promptly.

First, I will focus on wastewater treatment. NCSL is concerned that this vital program that funds wastewater treatment construction and improvements could be reduced from levels that are already substantially underfunded. A review of the program's evolution over the last ten years should illustrate our concern.

Reductions in the construction grants program were offered as part of the 1981 amendments to the Clean Water Act. Authorization for grant funding was cut by 50% to $2.4 billion per year from a total of $5 billion per year. In addition, many eligible categories were eliminated and the federal cost share was reduced to 55% from 75%. These compromises were agreed upon with a Congressional commitment that stable federal funding of the grants program would be forthcoming over a 10 year period. The states were led to believe they could base their wastewater treatment programs on this level of federal funding.

This reduction in federal support occurred even though assessments of the state and local need for wastewater treatment construction programs exceeded $100 billion nationwide at the time. (The Environmental Protection Agency consequently revised the needs assessment estimate to $76 billion.) Policymakers then began devising a transitory program to move from a program fully funded and controlled by the federal government to one managed financially and conceptually by the states. The ultimate result will be total elimination of the federal grant program and the creation of State Revolving Funds for loans to construct wastewater treatment facilities. This, of course, amounted to a major federal withdrawal from our basic clean water law.

As a representative of the states, NCSL actively supports the concept of State Revolving Funds (SRFs). Our concerns arise over funding levels from Congress. The Clean Water Act as reauthorized in 1987 calls for $2.4 billion per year for construction grants and loans through FY 1990. Loan money is authorized through FY 1994, with $2.4 billion authorized for FY 91. President Bush has recommended $1.6 billion for FY 1991. We find that level to be a serious departure from the agreed upon stable annual phase-out levels the states were told to expect. It would undermine state and local efforts to meet clean water goals. Therefore, we urge you to fulfill the commitment made in 1987 and fund the $2.4 billion authorized.

Without full funding, states will be seriously hampered in efforts to effectively establish revolving funds, and the long-term success of the entire water pollution control program will be imperiled. Full funding is especially critical this fiscal year because many states are still setting up their funds.

In my home state of Maryland, for example, we would lose over $20 million in capitalization funds for our state revolving fund if the President's proposed funding of $1.6 billion is accepted. This would deprive the SRF of vital funds to leverage even more funding, and would ultimately keep the state from making loans for approximately half of the projects it could initiate under full federal funding levels.

Under the December 1987 Chesapeake Bay Agreement signed by Maryland, Virginia, Pennsylvania, the District of Columbia and the EPA, the states have committed to reduce phosphorus and nitrogen loadings to the Bay by 40% by the year 2000. Upgrades at wastewater treatment plants to remove phosphorus and nitrogen are proceeding in Maryland more than anywhere else in the United States. Pretreatment requirements to reduce toxic loadings and the upgrading of conventional pollutant discharges are also integral parts of the Bay cleanup. These improvements all have price tags -- some with very major price tags. For example, upgrading the existing Back River wastewater treatment plant located only 40 miles from Washington, D.C. and serving most of Baltimore City and parts of Baltimore County, will cost over $500 million. This is the second largest wastewater treatment plant in the Bay Region discharging 190 million gallons of wastewater a day.

Major water quality impacts would be expected to result from proposed reductions in funding. For example, nitrogen removal at the Back River Sewage Treatment Plant would be delayed up to 5 years. Without adequate funding, the Chesapeake Bay's excessive nitrogen levels may not be substantially reduced for another 5 years.

In addition, many communities throughout the State would delay equipment replacement and rehabilitation of facilities. Finally, the opportunity for orderly growth in many counties would be lost as difficult decisions were made on delaying projects. Clearly, without full funding of the Clean Water Act commitments, both for the Revolving Funds and the non-point source programs, the Bay cleanup effort will be impeded.

Unfortunately, many Americans have taken clean water for granted. Although there is a major cost associated with providing clean water, there are significant health and economic costs of not providing it. We cannot ignore those impacts.

The EPA's 1988 report detailing the wastewater treatment needs of this nation indicate that despite the major efforts of the past decade, at least $83.5 billion is still necessary to address the water quality problems faced by our communities. In light of this, full funding for wastewater treatment and non-point source pollution control is necessary to meet our nation's goals for clean water.

Inadequate funding for non-point source pollution control programs would have serious negative impact on the Chesapeake Bay and many other water systems in Maryland and nationwide. This program is essential to improving, maintaining and protecting water quality nationwide. Much of the toxic chemicals, nutrients and sediments enter our waterways from non-point sources. Without federal assistance, I fear we will not see major improvements in non-point source pollution control programs.

The federal budget deficit is the reason most frequently given for why funding levels are being cut for wastewater treatment and other water pollution control programs such as the non-point source program. The NCSL believes that the federal budget deficit is one of the nation's gravest problems, demanding creative and cooperative solutions involving all levels of government. We therefore support continued efforts to reduce the federal deficit. We realize this means both Congress and the Administration must wrestle with many complex and difficult choices. Most wrenching, perhaps, will be balancing this overriding imperative to reduce the federal deficit against calls for adequate funding for many important programs.

There is a fundamental principal, however, that NCSL believes should guide budgetary decisions. It is critical that the fairness and integrity of the intergovernmental fiscal system remain intact. As articulated in our official policy: "States are willing to share proportionately in the necessary cuts; however, the states have contributed disproportionately to past efforts to reduce the deficit as a result of federal spending and revenue initiatives."

NCSL realizes that states will have to accept many spending cuts in state programs as their fair share of the deficit reduction burden. However, we cannot accept proposals that lean too heavily on state and local government assistance programs to produce the needed deficit reduction, particularly at the cost of our nation's environment. NCSL has identified a handful of priority programs, such as funding for wastewater treatment and non-point source pollution control, that we feel should be protected from significant reductions.

All levels of government entered a partnership when reauthorization of the Clean Water Act occurred. Each level must fulfill the responsibilities they accepted at that time, especially the commitment to provide a known level of funding. States cannot plan to meet their water quality needs if Congress and the Administration keep deviating from the levels promised in the original agreement. States need consistent funding and clear signals of priorities in order to properly plan for upgrading or expanding existing wastewater treatment plants and planning new plants to protect water quality. At the state and local level, we now fund 45% of the cost of wastewater treatment construction and upgrades. In FY 1991 that will become 100%. Therefore, we need full funding for the remaining revolving loan program.

In addition, even though the funding levels are being cut, there are no reductions in the requirements of the Clean Water Act, nor should there be. Thus, states are confronted with inadequate funding to meet the major water pollution control goals necessary to protect a growing populace.

In conclusion, I urge you to provide the full $2.4 billion authorized in FY 91 for state revolving funds for wastewater treatment and full funding for non-point source pollution control programs. Thank you for considering this priority position of the National Conference of State Legislatures.

TUESDAY, MAY 1, 1990.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

JACK BEAM, INTERNATIONAL ASSOCIATION OF FIRE CHIEFS

Mr. **TRAXLER**. We are pleased to welcome Jack Beam from the International Association of Fire Chiefs. He is going to discuss FEMA. Come right up here, please.

Mr. **BEAM**. First of all, Mr. Chairman, and this distinguished committee, it is my pleasure to be here. My name is Jack Beam, I am the fire chief in Alexandria, Virginia.

Mr. **TRAXLER**. That is my adopted hometown. You have got a good department there, Chief.

Mr. **BEAM**. I am also a member of the International Association of Fire Chiefs. I am filling in for Jim Estepp, who is the president of our association. Although my principal comments are related to the FEMA budget, principally the National Fire Academy and U.S. Fire Administration, there are a few other items I would like to highlight. I have offered a written statement.

Mr. **TRAXLER**. We will put that in the record in its entirety, Chief.

Mr. **BEAM**. Thank you. I will just hit the high spots, Mr. Chairman.

First of all, the fire chiefs have had some concern about how slow the administration has been appointing certain key positions in FEMA. However, we are gratified that Mr. Olin Greene, the fire marshal of the State of Oregon, has been nominated as the administrator of the U.S. Fire Administration. We understand that Mr. Wallace Stickney, the New Hampshire Commissioner on Transportation will be appointed as the FEMA director. And we would urge this committee to use whatever influence it has with the administration to encourage the appointment of the National Fire Academy superintendent.

I would also like to remind this subcommittee that we have not been very successful in chairing our program as it was intended in the 1973 report, "America Burning." We still have the worst fire record of any nation in the industrialized world. We still have 6,000 fire deaths a year and 120,000 injuries, and our fire loss is in the billions of dollars.

I would also like to remind you of some other things that we are concerned about, mainly the reserve for the firefighter health and safety, fire prevention and arson, and our problem of gathering national fire data statistics. That is a major problem for us.

Another thing that we have asked for in the past, and we would like to ask you again to use your committee to help us achieve this, last year we asked that the National Fire Academy be realigned to come under the U.S. Fire Administration. So far that hasn't been done, and we would like to strongly urge you again this year to see if we could achieve that. We think that is the proper place for the National Fire Academy.

We are concerned about the proposed $25 per week user fee for students at the National Fire Academy. Now, that seems like a very nominal sum, and it is for most large municipal fire departments. However, there are small voluntary fire departments where this could be the break point on whether they can achieve this training and go to the National Fire Academy or not be able to go, so we strongly oppose this fee for that reason.

However, we also understand the need for revenue, and we would say that if this is deemed absolutely necessary, that if this fee is collected that it not be put back into the U.S. Treasury or be put into a FEMA general account, that it be used to enhance the facilities and the learning environment at the National Fire Academy and the Emergency Management Institute under the control of the superintendents of those two academies.

We again would like to bring to your attention the fact that frequently the overhead cost of operating the facility in Emmitsburg is borne by the U.S. Fire Administration and the National Fire Academy program activity rather than having that broken out into an overhead cost based on the use of the facility by other agency elements.

In my hometown, I am the chair of our local emergency planning committee, and I am telling you we are in big trouble with SARA, Title III-R, because we have mandates under that legislation to function in our community, and we do not have any funding. We are having local taxpayer revolts, our states are cutting back, and our only hope for funding for that SARA program is from our Federal agencies.

In the past we have had $5 million from EPA to help us fund that, and we understand that this year there aren't any appropriations either from the Environmental Protection Agency or from the reauthorization of the Hazardous Materials Transportation Act for the Department of Transportation, so we are desperate for help in that area.

Mr. TRAXLER. Now, Chief, in 1990, in this year's budget the committee did put in $3.8 million, as you may remember, to fund Title III-R. Regrettably the administration in the 1991 budget put in zero, so we are going to have to make that up somehow, but even the $3.8 is a drop in the bucket when you spread it across these United States, and while $3.8 million is a lot of money to me and you, when you take the thousands of communities that need this kind of help to do the job that the statute calls for them to do, it is just grossly inadequate.

Mr. BEAM. It is, and we are desperate for help. That is the trend today. We are seeing more and more use for our hazardous materials response team, our local emergency planning committees are being more and more active, and we are getting a lot of input and activity from our communities, so we do need help in that area.

Mr. TRAXLER. When EPA funded this account, it was at $5 million.

Mr. BEAM. Yes, sir.

Mr. TRAXLER. We are going to do the best we can on our 302(b) allocation. There is that magic number between. It is a good program.

Mr. BEAM. With zero proposed, anything you could do would be greatly appreciated.

I would also like to bring up one more point, because of the recent problem down in South Carolina from Hurricane Hugo as well as the earthquake out in California. I think the fire chiefs recognize the need to have an inventory of heavy rescue response teams across the nation. Now, we have mixed feelings whether FEMA should assume that role and whether FEMA should be asked to fund a broad network of response teams.

However, the International Association of Fire Chiefs already has an inventory of such response teams across the nation. As you know, we did send people to Armenia, we sent people to South Carolina, we sent people to California. That inventory of those teams is available to FEMA.

We would urge you to have FEMA take advantage of that. We do believe that there is a desperate need for that, because no one in the emergency services felt good about the press we were getting in disasters.

Finally, Mr. Chairman, I would like to thank you and this subcommittee and Congress in general for all the support that you have given us in the past. We know that in 1980 we almost lost the U.S. Fire Administration. Only through the good graces of Congress did that survive. In fact, that is how that National Fire Academy was moved from under the U.S. Fire Administration, so we urge you to continue your support. If we can assist you, we would be more than happy to do that.

Mr. **Traxler**. Well, you sure won the prize. That is institutional memory. Now, how many people do you think would recall what happened ten years ago?

Mr. **Beam**. All of us that were in this business. We really sweated a lot that year. We thought we were going to lose our U.S. Fire Marshal.

Mr. **Traxler**. It was a good program, and the communities have benefited from it.

Bill, did you have anything?

Mr. **Green**. In a nutshell, do you have any feelings as to why we are the worst of the major industrialized countries in terms of fire safety?

Mr. **Traxler**. Does arson play a role in that?

Mr. **Beam**. Just to lump everything together, it is basically funding. We do not have the resources. Our efforts are fragmented. We do not have the focus. Hopefully the new fire office will help that. We are grossly underfunded. That is one of the things that I am addressing here today.

It deals with not only the response, it deals with building codes, the type of construction we use, the type of education we provide for our citizens and a variety of other things.

Mr. **Green**. Thank you, Mr. Chairman.

Mr. **Beam**. A lot of it goes back to education and attitude.

Mr. **Traxler**. Thank you.

[The statement of Mr. Beam follows:]

INTERNATIONAL ASSOCIATION OF FIRE CHIEFS

1329 18th STREET, N.W. • WASHINGTON, D.C. 20036

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STATEMENT OF
FIRE CHIEF JACK BEAM
CITY OF ALEXANDRIA, VIRGINIA, FIRE DEPARTMENT
ON BEHALF
OF THE
INTERNATIONAL ASSOCIATION OF FIRE CHIEFS
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON THE VA, HUD AND INDEPENDENT AGENCIES

REGARDING

THE FY 91 FEDERAL FMERGENCY MANAGEMENT AGENCY BUDGET

MAY 1, 1990
WASHINGTON, D.C.

Good afternoon Congressman Traxler and members of this distinguished Subcommittee. I am Fire Chief Jack Beam, City of Alexandria, Virginia, Fire Department. I am pleased to appear before this subcommittee regarding the FY 91 appropriations for the Federal Emergency Management Agency (FEMA), representing Chief Jim Estepp, president of the International Association of Fire Chiefs.

Although the nation's fire chiefs are principally concerned about the federal fire programs within FEMA, those programs being the U.S. Fire Administration and the National Fire Academy, the involvement of the fire services in the recent large scale disasters in South Carolina and California have compelled me to address several other program initiatives within FEMA that we feel merit attention.

The IAFC, like many others in the emergency services profession, has been concerned about the excessive delay on the part of the administration in filling the key policy positions within FEMA. We are pleased that President Bush has nominated two excellent candidates for two key positions within FEMA. We understand that Mr. Olin Greene, Fire Marshal for the State of Oregon, has been nominated for the position of Administrator for the U.S. Fire Administration, and Mr. Wallace Stickney, the New Hampshire Commissioner of Transportation, is scheduled to be nominated as the administration's choice for FEMA Director very soon. I am familiar with both of these individuals and feel that they are both imminently qualified for their respective positions. We hope that the White House will now move swiftly in nominating the superintendent of the National Fire Academy, which was recently vacated by the acting superintendent, Mr. Charles Boehne.

I would first like to address the Administration's proposed budget for the U.S. Fire Administration and the National Fire Academy. In general, the funding levels proposed in the USFA and NFA budgets are not adequate to properly address the national fire problems cited in original 1973 report *America Burning*. The recent highly-publicized fatal fires in New York City and Miami Beach, Florida, underscore a fact that the U.S. still holds the worst fire safety record in the industrialized world. The loss of life is still nearly 6,000 a year, the number of injuries is well over 120,000 and the economic loss is in the billions of dollars.

Despite these statistics, the president and the Office of Management and Budget have maintained only level funding for the USFA and NFA, with only modest increases in the USFA's fire prevention and arson control programs. We feel that the federal fire programs have provided solid benefits for the public and members of nation's fire and emergency service. There are few efforts in the public or private sector that can provide the support for the much-needed research in fire fighter health and safety, fire prevention and arson, and national fire data statistics on a national actuarial basis.

There are several issues of concern to the IAFC that we feel this committee must address. One principal issue is the need to realign the National Fire Academy as an operational unit of the United States Fire Administration. When the USFA was established under Public Law 93-498, the NFA was part of the USFA. The NFA was removed in 1980 when the USFA was threatened with zero funding by the Reagan administration. Fortunately, the wisdom of Congress prevailed and partial funding was returned to prevent the elimination of USFA. We requested this realignment last year, and we urge strongly that this committee direct FEMA to place the NFA back under the USFA.

We are also concerned that this year, FEMA has proposed that students attending the National Fire Academy be assessed a $25 per week "user fee." This fee concerns us for several reasons. The anticipated revenue will be approximately $200,000 (4000 students x 2 weeks x $25). As proposed, these funds will not be directed back into the NETC facility, but simply put into the U.S. Treasury to offset the general deficit. The general rise in operating costs and inflation has prevented needed enhancements of classrooms and other physical plant facilities at NETC .

Although we generally oppose such a fee, we would propose that if such a fee is deemed necessary that the funds raised be directed back to the NFA and the Emergency Management Institute, where they would be used by the Superintendents of the NFA and EMI for the specific purpose of improving and enhancing the learning environments of those institutions. We would oppose any recommendation that those funds be directed back into a general FEMA account. We would also oppose any recommendation that would reduce the federal fire program appropriation by an amount equivalent to the amount raised through the collection of the fee.

We urge this committee to take the necessary steps to ensure that site administration costs are properly shared by both the NFA and EMI. The major share of site administration costs continue to be borne by the U.S. Fire Administration and the National Fire Academy program activities, as opposed to properly allocating overhead costs based on use of the facility by other agency elements.

We are disturbed that the administration has chosen to eliminate the funds requested under Title III the Superfund Amendment and Reauthorization Act (SARA) for hazardous materials training which were made available to states to assist local jurisdictions. In previous years, at least $5 million (from EPA) was allocated for hazardous materials programs. The hazardous materials problem is more prevalent than ever, and the federal government has chosen not to provide any assistance. We understand that the Department of Transportation has not recommended any funding assistance to state and local governments for hazardous materials response in the reauthorization of the Hazardous Materials Transportation Act (HMTA).

Following the recent large disasters involving Hurricane Hugo and the Loma Prieta Earthquake, the need for the U.S. to have a reliable inventory of specialized heavy-rescue response agencies was clearly demonstrated. Additionally, the first responder role of the fire service and their capability to provide specialized heavy-rescue and building collapse response was also clearly demonstrated during those major emergencies.

We feel that establishing such a national inventory should be a top FEMA priority. We strongly suggest that FEMA use the expertise of the fire service in the development of that inventory. In fact, the existing inventory of fire service heavy-rescue teams recently compiled by the IAFC can be made available to FEMA.

The IAFC strongly feels that the role of federal government with regard to fire protection in the U.S. must be maintained. The IAFC sincerely appreciates the past support of this Subcommittee and Congress and hopes you will continue to support and solidify the federal fire programs, and we stand ready to assist you. I will be pleased to respond to any questions which you or other members the subcommittee may have.

TUESDAY, MAY 1, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

HON. JACK BROOKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. TRAXLER. We are pleased to welcome one of the outstanding Members of Congress, the dean of the Texas delegation. We are glad to have you. We are going to put your full statement in the record. Every last word, sentence, comma, period.

You can just proceed, any amount of time you want.

Mr. BROOKS. Well, I ask unanimous consent to revise and extend.

I am glad to see you and Brother Green here. What I am working on is the favorable consideration for the Gulf Coast Hazardous Substance Research Center. It is located in my Congressional District, in my hometown, Beaumont, Texas, at the University I made a four-year university when I was in the legislature 45 years ago.

They sucked in a bunch of other universities to work with them so we could get this done, and they have worked with them and they have shared the money; and they had a million five in 1989, and in 1990 you gave them a million four, and the state gave them one million two, and so with that combination they established a pretty broad interdisciplinary reserve program that supported 50 projects, 65 investigators, and supplemented the education of some 97 graduate students.

Eighty percent of the program is concentrated on the areas of waste minimization and innovative waste treatment technology, and that is as hot a subject as you have got, and it crops up in the funniest places you ever thought of, like your district and mine.

The remaining 20 percent is technology supporting activity. It includes some activities ranging on studies by sociologists on the NIMBY syndrome. You know what that is? That is "not in my backyard." It didn't happen on my watch, that is the deal.

We have got a lot of problems in the country, and they are working on a pretty substantial block of them, and what they need, and the administration foolishly didn't put up any of that money, they needed about $300 billion for defense, they said, so they didn't put up this couple million dollars for eight or nine universities to work on these projects that are really tough. And I am hopeful that you in your judgment would be able to include an appropriation of about $2½ million that will let them capitalize on an excellent start to build on their existing capability.

Now, they perform a task that is not only vital to Southeast Texas, but it is vital to the Gulf Coast, and it is vital to the rest of the nation. We have got these problems all over the country, and they are bad. Nobody wants to deal with them, and it is tough to get them resolved, but it is a good program that is under way. I think it deserves your strong support.

And I have with me today a number of representatives of the university within the consortium who are here to answer any questions and who are wonderful legislators. They did not bring any written statements and are not going to make any oral statements, Traxler, you can relax, I am just going to introduce them, if you have any questions.

Bill Cawley, the center director and research professor from Lamar University; Dr. Lee Petticord from Texas A&M; Dr. David Cooper from the University of Central Florida; Dr. Clifford George from Mississippi State; Dr. Dennis Clifford from the University of Houston; and Mr. Stuart Van Scoyoc from the University of Alabama.

I appreciate your seeing if you can't squeeze this in. It is not a whole lot, but it is worth doing. I will say this, they are spending this money better than any money we ever sent to a university system. They have spread it out and they are working together. They want to do it. It is challenging for them.

Mr. **Traxler**. You know, Jack, I think yours is an excellent suggestion. We are spending incredible sums of money in the toxic site clean-up, Superfund.

Mr. **Brooks**. Millions of dollars on clean-up.

Mr. **Traxler**. We have got sites on the list that we will never get to in my lifetime. We have got others that will be added to the list. We don't know enough, can't appreciate enough that what we are doing is digging it up out of this hole and moving it over to another hole that we have already dug. And somehow or other we have to find ways in which we can resolve some of these very serious toxic problems in-site if at all possible, and I don't know whether there is any effort going forward in any of your research for ways in which we can treat those toxics in that landfill that is already existing or on that site if it isn't a landfill, just what became a toxic site through carelessness or past practices.

Mr. **Cawley**. William Cawley. We have a number of major projects going in that area, ranging from some work that Dr. Clifford here is doing on ways of extracting the lead from soil; lead contamination is a major problem in the Southeast and Southwest. We have other programs going on how to improve what we call in situ methods of cleaning them up, ways of keeping them up, looking at ways of breaking down compounds that are tied to the soil, and are not free to be cleaned up by various treatment technologies. And this is unquestionably a major area of interest among us.

We are working closely with the EPA laboratory and with the Texas Water Commission. In fact, they are supplying us with samples on material like lead and lint contaminated soils for us to work with. We are very much involved in this. There is no point in digging it up from one hole and putting it in another one and having to deal with it 20 years from now when it starts to leak.

Mr. **Traxler**. We neglected to ask EPA what they are doing with the money we are giving them on doing research in these areas, the landfills, but the toxic sites. Have any of you applied for any of those funds? Have any of your institutions gotten any of that money or is EPA doing it all in-house?

Mr. **Cawley**. We are actually in the process of dealing with EPA right now on about five or six different projects in that particular area, the innovative and laboratory level work on-site, and we had a representative from EPA at Lamar last week talking to us about the various projects we have.

Mr. **Brooks**. The question is are you going to get any money out of them to finance these? Is that what you are exploring?

Mr. **Cawley**. We are exploring, but we haven't got any——

Mr. **Traxler**. It is a fairly new program, so they are probably just coming up to speed on handing out some money or they may be doing it in-house or both.

Mr. **Cawley**. This is mostly an out-of-house project that we are talking about.

Mr. **Brooks**. We will get you the numbers on what you appropriated to EPA so they can explore it with a little more facts.

Mr. **Traxler**. I think they have already found where the window is. I think.

Mr. **Brooks**. Well, they didn't get to be professors for nothing, I will tell you. They got tired of grading those student papers.

Mr. **Traxler**. I have got one other question in conclusion, and that is there are some entrepreneurs who are drifting across the country and are in Michigan now.

They say that they have a process where they take household wastes, normally materials that would go to the landfill, do some separation, put a substantial portion of it into an incinerator, and then they solidify the ash into a block that is used for building purposes, and in that fashion they sort of take care of the toxics that might be left in the ash should there be any.

Now, we are talking basically about household waste, but of course that encompasses a broad category of some pretty toxic stuff. I mean, what I have got under my sink I don't want to drink. So have you heard from any of these kinds of people? Are you seeing any of those?

Mr. **Cawley**. We hear from them regularly. We hear from all the ones who are working with household wastes, and particularly we hear from the ones who are working with hazardous waste, using various cement mixes and silicate mixes and so forth, and in fact we just ran this spring a symposium on the subject of solidification stabilization, how to use concrete and this sort of thing to solidify hazardous waste.

We brought in 500 people to Beaumont from all over the world actually, had large delegations from Canada, people from China, people from South America, and we probably have one of the largest programs going anywhere in the country on understanding solidification stabilization process so that we can be able to predict whether you can put that stuff in a block and whether it will stay there or not, because that is the problem.

It is very simple to bind it up in cement or concrete, and you get a very pretty block, but the difficulty is trying to figure out whether it is going to stay there for the 30 or 40 years or whether you want it to stay there, and that is the area we are looking at. We have a team of chemists and engineers who are working together to understand how these things tie up inside the block, what kind of reactions go on so that you can predict what is going to happen if you put X into a concrete block.

Mr. **Traxler**. With some apologies to our witnesses and my colleagues, just for a moment, one of the things they talk about is they are going to take 200 tons of waste a day and 200 tons of clay per day and fire the waste, mix it in with the clay and then fire that into literally a ceramic brick. Have you had that one run past you?

Mr. CAWLEY. Variations on that particular one, but not that particular one. We haven't gotten too much into those because the problem, you are getting 100 percent at least or 150 percent increase in the volume, and that gets to be a major problem in trying to figure out where to put all those blocks, because at this point in time the state of the art doesn't permit you to say that no matter what they do with those blocks you are not going to leak something out of them that you don't want leaching out of the walls of your house and leaking out of the foundation of your house.

Mr. TRAXLER. Well, certainly the work that you are all doing is very, very important, because Jack said, the not in my backyard syndrome is here, and we are running out of landfill space, and the question of what are we going to do next is paramount in everyone's minds, and I think Earth Day brought that home very forcefully.

It is very simple to say that we are going to recycle, but after you have said that, of course, and you begin to fill in the blanks, it isn't that easy. Not that we don't need to make that commitment, but the work you are doing is terribly important for us.

We have still got a lot of areas that we are going to have to go back and revisit out of the Superfund and other areas that are much smaller than that and are going to need careful attention—just for instance in gas stations where they change oil and ran the used motor oil into the ground or into a sump, you have got a mini-Superfund site, and how do we deal with that? Do we excavate that earth if we tear up that concrete floor?

I mean, there are literally hundreds of thousands of these kinds of problems scattered across the nation.

[The statement of Congressman Brooks follows:]

STATEMENT OF CONGRESSMAN JACK BROOKS
BEFORE THE SUBCOMMITTEE ON VA, HUD, AND
INDEPENDENT AGENCIES
HOUSE COMMITTEE ON APPROPRIATIONS
H-143, THE CAPITOL
WASHINGTON, D.C.
TUESDAY, MAY 1, 1990

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO URGE THE SUBCOMMITTEE'S FAVORABLE CONSIDERATION OF FUNDING FOR THE GULF COAST HAZARDOUS SUBSTANCE RESEARCH CENTER, LOCATED IN MY CONGRESSIONAL DISTRICT IN BEAUMONT, TEXAS.

MR. CHAIRMAN, THE GULF COAST HAZARDOUS SUBSTANCE RESEARCH CENTER, WHICH WAS ESTABLISHED BY SECTION 118(1) OF THE SUPERFUND REAUTHORIZATION ACT, IS A CONSORTIUM OF LAMAR UNIVERSITY - BEAUMONT, LOUISIANA STATE UNIVERSITY, TEXAS A&M UNIVERSITY, MISSISSIPPI STATE UNIVERSITY, THE UNIVERSITY OF CENTRAL FLORIDA, THE UNIVERSITY OF HOUSTON, THE UNIVERSITY OF TEXAS-AUSTIN, AND THE UNIVERSITY OF ALABAMA, HEADQUARTERED AT LAMAR UNIVERSITY IN BEAUMONT, TEXAS. THE CENTER WAS ESTABLISHED IN JUNE 1987 WITH RESEARCH ACTIVITIES BEGINNING AT THE FOUR TEXAS UNIVERSITIES THAT AUTUMN WITH $1.2 MILLION PROVIDED FOR THE '87-'88 BIENNIUM BY THE TEXAS LEGISLATURE. FEDERAL FUNDS OF $1.5 MILLION IN FY 1989, WHICH YOUR SUBCOMMITTEE APPROPRIATED, AND $1.4 MILLION IN FY 1990, COUPLED WITH AN ADDITIONAL $1.2 MILLION FOR THE PRESENT BIENNIUM AND INDUSTRY FUNDS, HAVE PERMITTED THE ESTABLISHMENT OF A BROAD INTERDISCIPLINARY RESEARCH PROGRAM SUPPORTING 50 PROJECTS AND 65 INVESTIGATORS AND SUPPLEMENTING THE EDUCATION OF SOME 97 GRADUATE STUDENTS.

APPROXIMATELY 80% OF THE CENTER'S PROGRAM IS CONCENTRATED ON THE AREAS OF WASTE MINIMIZATION AND INNOVATIVE WASTE TREATMENT TECHNOLOGY DEVELOPMENT.

THE REMAINING 20% OF THE EFFORT IS IN TECHNOLOGY SUPPORTING ACTIVITIES. THIS AREA OF WORK DEALS WITH PROJECTS WHICH ARE NOT PURE TECHNOLOGY BUT ARE IMPORTANT TO ITS EFFECTIVE USE. IT INCLUDES ACTIVITIES RANGING FROM STUDIES BY SOCIOLOGISTS ON THE NOT IN MY BACKYARD (NIMBY) SYNDROME TO METHODS OF MEASURING VOLATILE ORGANIC CARBIN (VOC) EMISSIONS FROM LAND DISPOSAL SITES.

THE CENTER'S FOUR UNIVERSITY, INTERDISCIPLINARY PROGRAM ON SOLIDIFICATION/STABILIZATION IS BEGINNING TO DEVELOP A BETTER UNDERSTANDING OF HOW THIS PROCESS, WHICH HAS THE POTENTIAL FOR REDUCING THE COST OF SUPERFUND CLEANUP, FUNCTIONS. ANOTHER THREE-UNIVERSITY STUDY OF THE NIMBY SYNDROME IS PRODUCING DATA CLEARLY DOCUMENTING PUBLIC DISTRUST OF REGULATORY AGENCIES AND LACK OF CONFIDENCE IN THEIR ABILITY TO PROTECT THE PUBLIC. WORK IS PROGRESSING ON METHODS OF CONTROLLING HEAVY METALS IN WASTE WATERS AND IN INCINERATORS, ON UNDERSTANDING THE MOVEMENT OF CONTAMINATES IN THE SOIL TO BE ABLE TO PREVENT MIGRATION TO THE GROUND WATER, AND ON METHODS TO ENHANCE CHEMICAL PROCESS OPERATIONS IN ORDER TO ELIMINATE WASTES AT THEIR SOURCE.

THIS WORK IS INTEGRATED AS CLOSELY AS POSSIBLE WITH THE PROGRAMS OF THE ENVIRONMENTAL PROTECTION AGENCY TO PROVIDE SOME OF THE NEEDED, MORE FUNDAMENTAL RESEARCH. AT THE SAME TIME, THE RESEARCH IS MEETING THE CENTER'S BASIC REASON FOR BEING BY WORKING ON PROBLEMS OF NATIONAL SIGNIFICANCE BUT WITH A SPECIAL GULF COAST INTEREST, SUCH AS LAND FARMING, DEEP WELL DISPOSAL, WASTE ELIMINATION BY PROCESS OPTIMIZATION, SOLIDIFICATION/STABILIZATION, INCINERATOR IMPROVEMENT AND LEACHATE TREATMENT, AMONG OTHERS.

SPECIAL ATTENTION IS BEING GIVEN TO TRANSFERRING THE RESULTS TO THE USERS. IN ADDITION TO THE USUAL PUBLICATION OR REPORT ROUTE, A QUITE SUCCESSFUL ANNUAL SEMINAR SERIES--THE THIRD IS SCHEDULED FOR FEBRUARY 1991--HAS BEEN ESTABLISHED AT WHICH EACH ONGOING PROJECT IS REPORTED THROUGH POSTER PRESENTATIONS WHICH SUPPLEMENT THE PAPERS PRESENTED AT THE MEETING.

ALTHOUGH IT HAS NOT YET BEEN IN OPERATION THREE YEARS, THE CENTER ALREADY HAS GAINED NATIONAL RECOGNITION FOR ITS PROGRAM. THE MULTIUNIVERSITY, INTERDISCIPLINARY PROJECT ON SOLIDIFICATION/STABILIZATION ATTRACTED INTERNATIONAL INTEREST AT THE SECOND SYMPOSIUM.

MR. CHAIRMAN, THE REASON FOR MY REQUEST TO APPEAR BEFORE YOU THIS AFTERNOON IS TO ASK FOR YOUR SERIOUS CONSIDERATION TO INCLUDING AN APPROPRIATION OF $2.5 MILLION FOR FY 1991 TO CAPITALIZE ON THE EXCELLENT START WHICH THE CENTER HAS MADE AS WELL AS ENABLE THEM TO BUILD ON THEIR EXISTING CAPABILITY. IT IS PERFORMING A TASK WHICH IS VITAL NOT ONLY TO THE GULF COAST AREA, BUT ALSO TO THE REST OF OUR NATION, AND AS OUR GOVERNMENT AND OUR COUNTRY BEGIN TO MAKE GREAT STRIDES IN DEALING WITH THE PROBLEMS IN OUR ENVIRONMENT, THIS IS A PROGRAM WHICH IS WELL UNDERWAY AND IS, I BELIEVE, DESERVING OF OUR STRONG SUPPORT.

MR. CHAIRMAN, I HAVE WITH ME TODAY A NUMBER OF REPRESENTATIVES OF THE UNIVERSITIES IN THE CONSORTIUM WHO ARE HERE TO ANSWER ANY QUESTIONS YOU MAY HAVE AND WHOM I WOULD LIKE TO INTRODUCE AT THIS TIME IF I MAY:

- WILLIAM A. CAWLEY, THE CENTER DIRECTOR AND RESEARCH PROFESSOR, LAMAR UNIVERSITY.
- DR. LEE PETTICORD, TEXAS A&M UNIVERSITY
- DR. DAVID COOPER, UNIVERSITY OF CENTRAL FLORIDA
- DR. CLIFFORD GEORGE, MISSISSIPPI STATE UNIVERSITY
- DR. DENNIS CLIFFORD, UNIVERSITY OF HOUSTON
- MR. STUART VAN SCOYOC (PRONOUNCED VAN SKOWICK), UNIVERSITY OF ALABAMA

MR. CHAIRMAN, I APPRECIATE YOUR KIND CONSIDERATION OF THIS REQUEST.

TUESDAY, MAY 1, 1990.

HUD/NASA/EPA

WITNESS

HON. WES WATKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. **TRAXLER**. Our distinguished colleague and a Member of the full Appropriations Committee, the distinguished Member from Oklahoma. We want to welcome our colleague, and we will put his testimony in the record, and we are pleased to hear what you have to recommend.

Mr. **WATKINS**. Thank you, Mr. Chairman.

Mr. **TRAXLER**. You are a regular before this committee, incidentally.

Mr. **WATKINS**. Still pleading to try to get some help.

Mr. **TRAXLER**. You are one of the best public witnesses we have had.

Mr. **WATKINS**. With your permission I will make my entire testimony part of the record and just summarize.

I am basically here to ask your help in three things. One is a continuation of the technology utilization program that last year might have been there because of some changes down at NASA; so I want to ask your continued support down there in order to continue this program, which is really helping a great deal in solving some of the economic problems. I don't know what we would do without that assistance in there. It is something we have had going for a number of years.

The second, we have an EPA laboratory in my hometown of Ada. It needs some expansion, it is a groundwater research area, and last year you were willing to help me with about a million dollars but delayed the balance, and if you could help this year on that maybe we could get that extension.

We all know the emphasis on the environment, the decade of the 90s is here. In order for us to have that laboratory fully equipped and to be able to utilize it in the best way possible for the taxpayers' money, we need this additional facility.

Mr. Chairman, this is my last hope. I have a community called Coalgate in Coal County. It is the heart of an old mining area that has tremendously depressed economic conditions. Coal mining went out basically soon after the turn of the century, about the 1920s, and so a county that has lost extensive population, through migration, the only hope we have is to try to revitalize the downtown to make it attractive enough to get some off-farm jobs, some manufacturing in there.

So, Mr. Chairman, my last appearance before this committee is to make a special plea for $750,000 for Coalgate because, as I talk to you today, there is 12.9 percent unemployment rate in that county. They have a low per capita income, there is no major industry, it has been a cut-and-sew there. I have been doing everything I can to try to help there.

I feel really and truly this is the one county that I have not been able to get something started or get something done, and I think if we could just redo some of the downtown area and solve some of the problems where there are ten buildings, and some lean-to huts still standing on the street, if I can get that resolved, I think that would make a tremendous impact on this county, so I would like to make a special plea for that $750,000 to let me do one thing there to help this community and this county become revitalized and maybe give it some kind of hope for the future.

I feel so committed and such an obligation to try to do that, and I guess I might just make that little extra plea because last year we decided we couldn't do it because of the budget situation that I mentioned to you. Understand I come back this time because if I don't—this is the last opportunity I think I have to make some difference, a positive difference in that county, Coal County, Coalgate, Oklahoma, to help build a future for those people, so I want to just summarize all that for you and leave my testimony as part of the record.

Mr. **Traxler**. Okay. Wes, the only opportunity for funding number two, to my knowledge, would have been the Secretary's discretionary fund, which the authorizing committees and the Congress of the United States late last year wiped out as part of the reform bill.

Mr. **Watkins**. I remember the reform bill.

Mr. **Traxler**. I don't know of any other source except that one, which is no longer in existence, where we can be helpful to you on downtown Coalgate. That would have been the ideal place to go. It may be that calmer minds will prevail and that somehow or other the discretionary fund will reappear as it relates to municipalities, as it relates to this very narrow area.

If it does, we want to assure you your request, which has been pending here for two years, would receive careful attention, but I must also say that in the event there is not additional effort in that area, I don't know of any fund that could be of any assistance to you.

Are you aware of any?

Mr. **Green**. There is always PD&R.

Mr. **Traxler**. That is creative.

Mr. **Watkins**. I think there are some creative minds here, I know an airport that was built in the last year or two that when the call was made they said that it doesn't exist. I think the statement was, well, you know, that is what we are here for, if we could just work out a little language there; so if there is any way to have a little language worked out, that is my one hope for the community.

Mr. **Traxler**. It may be that the Senate will provide some instruction to us in their bill, and that would mean that we would follow their example in the course of the conference.

Mr. **Watkins**. Good. I would appreciate it.

Mr. **Traxler**. We don't know what the future holds. Certainly we will take a very hard look at the question relative to the laboratory, see what we can do there. Their request for laboratory refurbishing and equipment is very, very modest. It is about $10 million this year, so for the whole nation we are looking at 10, but we have your request and we will try to be helpful.

Mr. WATKINS. If we could get two, three million, something worked out. The other one is a kind of continuation we have had for about 20 years.

Mr. TRAXLER. Good. I want to thank you very much, Wes.

Mr. WATKINS. Thank you. Appreciate it, Mr. Chairman.

[The statement of Congressman Watkins follows:]

STATEMENT OF

THE HONORABLE WES W. WATKINS

THIRD CONGRESSIONAL DISTRICT, OKLAHOMA

BEFORE THE

APPROPRIATIONS SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES

U.S. HOUSE OF REPRESENTATIVES

Mr. Chairman, thank you for allowing me the opportunity to appear before this distinguished panel. I know the Committee's time is valuable so, I will keep my remarks brief and submit my entire testimony for the record.

During my time in the Congress, I have consistently persuaded the people in my district that we should look toward targeted investment in communities that can stimulate the maximum economic growth and opportunities possible for as many people as possible. In my requests to this panel during this time when all of us are doing our part to reduce the budget deficit, I have been frugal and narrowed my requests to the absolute priorities.

Mr. Chairman, if I were to ask for all of the funding we need today, my list would indeed be long. However, my requests today are the essential items required to keep moving forward. They are:

1) $3 million for improvements at the EPA Laboratory in Ada, Oklahoma, to provide for a total containment laboratory at that facility; and,

2) $750,000 for the revitalization of downtown Coalgate, Oklahoma; and,

3) $625,000 for the only comprehensive rural technology utilization center in the nation -- Rural Enterprises, Inc./Central Industrial Applications Center.

My first request is for $3 million for improvements at EPA's Robert S. Kerr Environmental Research Laboratory, which is located in Ada, Oklahoma, in order to permit research to be carried out on the highly hazardous wastes found at some of our Superfund sites. This would dovetail the $1 million approved by the Subcommittee last year for the construction of a conference room, new library and computer room at Kerr Lab.

Since the preparation and analysis of highly hazardous samples and samples of unknown origin and toxicity are often required in conducting such research, great care must be exercised to prevent exposure of laboratory staff to unacceptable health risks.

At present time, Kerr Lab is unable to conduct research on the behavior in subsurface environments of specific highly toxic chemicals of potential importance in soil and groundwater pollution, because the Lab does not have total containment facilities suitable for working with these substances. For example, Kerr Lab has been unable to follow up on some promising research involving decontamination of soils containing dioxin because the Lab does not have facilties to safely process and handle samples containing these extremely toxic compounds.

Also, the Lab's ability to provide Superfund technical support is severely restricted as every effort must be made not to bring samples into the facility from sites which could possibly contain these highly toxic substances that cannot be safely handled without a full containment facility.

To alleviate these problems, Kerr Lab needs a total containment laboratory providing space for receiving, processing, and analyzing samples containing substances of a highly hazardous nature. This does not mean construction of a new building, but rather improvements made to existing laboratory rooms. Without such improvements, the Laboratory will encounter increasing difficulty in fulfilling its mission in toxic substance research, while maintaining the desire level of staff protection.

In light of the above, I ask that the Subcommittee approve $3 million for improvements to be made at the Robert S. Kerr Environmental Research Laboratory to provide for a total containment laboratory.

Secondly, but of primary importance to the survival of an entire county, is my request of the Subcommittee to make an investment in the revitalization of downtown Coalgate, located in rural Coal County, Oklahoma, at the time of the celebration of the town's centennial.

Today, the principal industry in the county is one cut-and-sew factory, the hospital, and downtown Coalgate businesses. However, downtown is dotted with closed storefront shops. Outside of town, the practice of production of agriculture is limited because of poor soil, much of what has been strip mined for coal and not reclaimed.

For most of its history, the county depended upon coal and cotton as its principal means of monetary support. Coal was mined in the area as early as 1882. Coalgate came into existance in April, 1889, as a coal camp. The town was first called "Liddle," named after one of the individuals who first camped at the site. Later, in 1890, the name was changed to "Coalgate" -- to designate it as the gateway to the coal fields.

As long as the mines operated, Coal County prospered. At the time of statehood, Coal County -- once part of the Choctaw (Indian) Nation, was served by four railroads. Railroads opened the mines, owned the mines, and were the principle consumers of coal. Early in the century railroads were the life's blood of the Coal County communities, and, in fact, were responsible for numerous towns and communities being started.

Thousands of foreigners, recruited by the railroads, flocked to the area to work in the mines. They immigrated from many countries, including Austria, Belgium, Bohemia, Canada, Scotland, Ireland, Wales, France, Italy, England, Germany, Russia, Switzerland, Hungary, Sweden, Denmark and Russia. In 1889, there were 1,862 foreign miners in the Choctaw Nation. By 1907, there were 10,000 Italian families in the coal mining region.

They blended their various cultures with those of the local Indians to provide a rich heritage different from that elsewhere in Oklahoma. Many of the descendents of the early miners, and many who were miners themselves, still live in the area.

In 1921, the mines closed. At the same time there were three straight years of crop failures. The boll weevil attacked the cotton, the major cash crop. The effects on the economy were devastating. Miners left and withdrew their savings. Farmers were unable to repay their loans. Five banks failed. People moved away. Then came the Great Depression. Population decreased as small farmers left during the depression, and strip mining was even abandoned.

By 1925, the economic based had shifted to agriculture. Only the abandoned coal dumps bore silent witness to those earlier days of prosperity and fame brought by the black treasure.

By World War II, four prosperous rail lines had been reduced to one. There was a brief resurgence of prosperity during the war, when coal was again in demand. This lasted into the early 1950's.

After World War II, young people from families who had lived in Coal County since it was Indian Territory had to look elsewhere for employment. Gradually, prosperous towns became ghost towns.

Rail service through Coalgate ended in 1956. All that remains today of this previous economic lifeline to many towns are the "railroad cuts" that can still be detected all over the county.

The end of a 75-year era came for Coal County on August 14, 1958, with the sealing of the last family coal mine operation in Coal county, named for its leading resource.

The coal is still there -- unfortunately, the demand is not. An estimated 150 million tons of coal lies untapped beneath the surface of Coal County, according to government estimates.

But, the era of coal mining is sealed as permanently in Coal County as the seal of its last mine, until new uses, new customers, and new demands again make it possible and profitable to dig into the earth's depths for its black riches.

The last one hundred years for Coalgate has been cycles from boom to bust. Despite tornadoes, fires, floods, and economic disparity, the spirit that encouraged the immigration of thousands of people to the Choctaw Nation to begin a new life is alive and well. The spirit of the people and their will to succeed has not been broken, despite being plagued with double-digit unemployment for decades and the out-migration of their young people because there are no jobs. Coalgate, the county seat, remains a community with the potential for economic growth.

When the county was created, it had no money. Public spirited citizens advanced the money to print ballots and pay other expenses to elect county officials. Recently, they raised money within their county, which has no real tax base, to hold onto their hospital and "hope" for future economic development and growth. They await, perhaps, even the return of coal as "king."

Yet, despite this spirit for life and hope for the future -- they are losing the battle. Unless the downtown area is refurbished and revitalized for future rural industrial economic development opportunities -- the investment of time and resources made by the

Indians and the Immigrants to this area has been all in vain. The area is prime for cottage industries, including a rural business incubator.

The people want to work. They do not want to be known as a high unemployment area and as a welfare subsistence county. When a job becomes available, it is not uncommon for hundreds to apply for one job. Coalgate has a population of 1,900 while the entire county has 6,000 people, less than one-third of the 1920's peak population of 18,406.

Last month, the county unemployment rate stood at 12.3 percent while unemployment for the State was 6.2 percent and 5.8 percent for the Nation.

Coalgate is an area with a below-average cost of living, and a good supply of high quality, underpaid workers in the immediate area who are willing to retrain. The town boasts a vo-tech school that is willing to adapt their curriculum as required by employment needs.

For Coalgate or Coal County to be considered for future economic growth, they must first have the tools and the necessary preparation to meet the challenge. I believe that this area is worth saving and that the hopes and dreams of a better economic livelihood for the families of those immigrants who traveled so far can be realized.

If you see the potential that I see, and believe in the hopes and dreams that brought our forefathers to this country, I would request that the Committee make an investment of $750,000 to assist the people in realizing their dream in Coalgate -- the dream of raising a family and working a 40-hour week for 50 to 52 weeks out of the year. That's all they ask.

Mr. Chairman, the future existence of this entire county rests on the revitalization of Coalgate and in the hands of this committee.

Finally, the request for $625,000 for Rural Enterprises, Inc./Central Industrial Applications Center (REI/CIAC) will continue the emphasis under NASA's Technology Utilization (TU) Program to serve rural residents and businesses. It is the only Industrial Applications Center serving the center United States and the only Rural Technology Applications Team in the United States.

Since its creation, REI/CIAC has evolved into an organization with the expertise to assist business with the total spectrum of services.

Complementing the TU Program, REI/CIAC provides services to clients in technology evaluation, marketing, and gap financing using a multitude of federal, state, and private resources.

Through the capabilities of REI/CIAC, individuals and small businesses receive assistance that would otherwise be extremely difficult, if not impossible, for them to obtain.

Without the assistance of the TU Program, REI/CIAC would be severely limited in its efforts. The $625,000 requested is imperative in assuring the continued existence and growth of this program which is dedicated to commercializing federal technologies. The use of these technologies are extremely beneficial to American businesses and help to improve the economic climate of our service area. I ask the Subcommittee to support this effort.

Mr. Chairman and Members of the Subcommittee, thank you for allowing me the opportunity to discuss with you these most critical items of interest to Southeastern Oklahomans.

TUESDAY, MAY 1, 1990.

VA

WITNESS

HON. THOMAS R. CARPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF DELAWARE

Mr. **TRAXLER**. We are pleased to welcome the distinguished gentleman from Delaware, our colleague, Mr. Carper, who is going to tell us what is good about the Veterans' Administration and why he needs some assistance in his district for a VA hospital.

Mr. **CARPER**. Thank you, Mr. Chairman.

Mr. **TRAXLER**. Or is it an outpatient?

Mr. **CARPER**. An outpatient clinic. This may sound a bit familiar, but I would like to just provide a little bit of a background if I could for those who may not be as familiar with this.

Mr. **TRAXLER**. That is at Wilmington, is that correct?

Mr. **CARPER**. Yes, sir.

Mr. **TRAXLER**. I think the committee last year added a million dollars for modification of preliminary plans. This has been a project that has been around for several years.

Mr. **CARPER**. Longer than us.

Mr. **TRAXLER**. Well, tell us all about it in five minutes.

Mr. **CARPER**. At the end of World War II a VA hospital was built in Delaware. The idea was to service not only veterans in Delaware, but in the Eastern Shore of Maryland, the counties in Pennsylvania that border Delaware, and also Southern New Jersey. When they built the hospital they had in mind, the hospital was roughly 300 beds for inpatient, and they expected to provide outpatient service to roughly 25,000 veterans per year.

There has been, as you well know, a revolution in health care in this country over the last four decades, and instead of trying to put people in hospitals and keep them there until they are well, we try to keep them out of hospitals and we try to provide treatment for them through outpatient care.

I think it was 1973 that the VA created something called a quality of care report, and it acknowledged those kinds of changes from inpatient to outpatient care were available, and they recommend a whole lot of changes to be made to the VA system, and one of the changes that they recommended was a clinic for our VA hospital just outside of Wilmington, Delaware. The last 17 years have seen over 90 percent of those projects that were included in the quality of care report completed, over 90 percent completed.

In the early 1980s, about $1.5 million was was appropriated for preliminary planning for a VA clinic for our hospital in Wilmington, Delaware. The plans call for a new surgical suite, a new pharmacy, a new radiology lab and that sort of thing. The plans also called for keeping 280 beds, the original design number of beds in the hospital.

From the mid-1980s, the Reagan Administration, OMB rejected repeated efforts by the Veterans' Administration to go forward with this clinical addition. The number of the conflict was 280 beds. OMB said you don't need that many, the VA says yes, we do.

Last year you folks on this subcommittee were good enough to earmark the million dollars and to direct the VA to go back and to really reexamine the initial concept of this clinical addition, and it forced the VA and QMB to sit down and decide we don't need 280 beds in our hospital. We can probably get by with a few less than 200, and we can use some of the space that is being taken by some of those 280 beds, and we can use that to fill part of this clinical addition. In fact, it could reduce the cost of the clinical addition, so some good progress has been made since the last time I was before this committee a year ago.

This year I am appearing before your subcommittee to ask, Mr. Chairman, and Members, for $1.7 million for the second step, and that is to develop the drawings and the specifications and the documents for bidding and for construction. I realize that dollars are scarce. Frankly I don't make a lot of appearances before your committee asking for assistance along these lines.

I also know that we haven't had a change in our surgical suite since the end of 1940. We have people who wait for prescriptions, and the wait is not measured in minutes, the wait is measured in hours. We have a pharmacy that is located next to our boiler room with the problems that might involve, not just for the people who work in the pharmacy, but the people waiting for their prescriptions.

We have a radiology lab that is inexcusable. The picture of our veterans sitting in their hospital gowns or lying on gurneys in the hallway outside the radiology lab waiting to get in is not the kind of care that I would have us provide, nor do I think you would.

Finally, as I said earlier, the hospital was designed to meet 25,000 outpatient visits a year, 25,000. This year we expect to reach 90,000, and the number continues to climb. Something needs to be done. The first step has been taken. We appreciate that very much. I am simply before you today to ask that that second step be taken in the 1991 budget.

Mr. TRAXLER. Well, we appreciate your presentation. You must have a friend at VA because you are showing up in their plans now, and you are correct, you are going to be ready for design money in the 1991, so we will do everything we can.

Mr. GREEN. I have no questions.

Mr. COUGHLIN. No questions.

Mr. TRAXLER. Thank you very much, Tom.

[The statement of Congressman Carter follows:]

TESTIMONY OF REP. THOMAS R. CARPER
BEFORE THE
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
MAY 1, 1990

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO SPEAK BEFORE YOUR SUBCOMMITTEE THIS MORNING ON A SUBJECT NEAR AND DEAR TO VETERANS OF THE STATE OF DELAWARE. LAST YEAR YOU WERE VERY HELPFUL TO ME IN SECURING $1 MILLION FOR A REEVALUATION OF A PROPOSED CLINICAL ADDITION TO THE VETERANS ADMINISTRATION HOSPITAL IN ELSMERE, DELAWARE. THIS YEAR, I AM SEEKING $1.7 MILLION FOR THE NEXT PHASE OF THIS PROCESS.

DURING THE 1940'S, LARGE VETERANS HOSPITALS WERE CONSTRUCTED TO ACCOMMODATE VETERANS IN NEED OF ACUTE TREATMENT IN THE WAKE OF WORLD WAR II. THEN, MEDICAL TREATMENT INVOLVED LENGTHY HOSPITAL STAYS AND OUTPATIENT FACILITIES WERE DESIGNED FOR LIMITED USE. SINCE THE 1940'S, HOWEVER, THE NATURE OF MEDICINE HAS CHANGED DRAMATICALLY. PROCEDURES THAT ONCE REQUIRED HOSPITAL STAYS OF SEVEN TO TEN DAYS HAVE BECOME ONE HOUR OUTPATIENT VISITS.

A MID-1970'S "QUALITY OF CARE REPORT" ISSUED BY THE VETERAN ADMINISTRATION TO CONGRESS ACKNOWLEDGED THE OBVIOUS CHANGING STATE OF MEDICINE. THAT REPORT FOCUSED ON THE CONSTRUCTION OF CHEAPER AND MORE EFFICIENT OUTPATIENT FACILITIES AT A NUMBER OF VA HOSPITALS. TO DATE, OVER NINETY PERCENT OF THE GOALS AND OBJECTIVES SET FORTH IN THE REPORT HAVE BEEN MET. ONE OF THE PROJECTS LEFT INCOMPLETE, HOWEVER, IS THE CLINICAL ADDITION TO DELAWARE'S SOLE VA HOSPITAL.

THE NEED FOR THIS CLINIC GROWS MORE ACUTE. OUR OUTPATIENT FACILITY, DESIGNED TO HANDLE A MAXIMUM OF 25,000 OUTPATIENT VISITS ANNUALLY, WAS ASKED TO TAKE OVER 85,000 VISITS. BECAUSE THE HOSPITAL IS LOCATED IN NORTHERN DELAWARE, WE RECEIVE VETERANS FROM DELAWARE, NEW JERSEY, MARYLAND AND PENNSYLVANIA. THE FACILITY IS SIMPLY NOT ABLE TO PROVIDE ADEQUATE SERVICES UNDER THESE CIRCUMSTANCES. A GAO REPORT ISSUED IN FEBRUARY OF THIS YEAR, OUTLINES THE PROBLEMS FACED BY VETERANS USING THE CLINIC.

> THE REPORT STATES THAT "CENTER OFFICIALS HAVE TAKEN SEVERAL ACTIONS TO STREAMLINE INTAKE PROCESSING...MEDICAL CENTER OFFICIALS EXPECTED THAT THESE CHANGES WOULD ALLEVIATE SOME OF THE DELAYS. HOWEVER, A JULY 1989 STUDY BY CENTER STAFF OF WAITING TIMES FOR UNSCHEDULED VETERANS SHOWED A 32-PERCENT INCREASE IN THE AVERAGE WAITING TIME TO SEE A PHYSICIAN."

THE HOUSE VETERANS AFFAIRS COMMITTEE HAS SIGNED OFF ON THIS PROJECT IN EACH OF THE PAST TWO YEARS AND HAS BECOME INCREASINGLY VOCAL IN ITS SUPPORT INCLUDING CALLING FOR ITS INCLUSION IN THE 1990 SUPPLEMENTAL APPROPRIATION. THE URGENCY IS CLEAR.

THE EXISTING OUTPATIENT FACILITY IS INADEQUATE AT BEST. THE SURGICAL SUITE, DATING BACK TO 1950 HAS NOT BEEN RENOVATED SINCE ITS CONSTRUCTION. TODAY'S LARGE MEDICAL EQUIPMENT STRAINS AVAILABLE SPACE. VETERANS NEEDING

PRESCRIPTIONS FROM THE PHARMACY SUFFER LONG WAITS AND THE HEAT GENERATED BY BOILER ROOM NEXT DOOR. THE RADIOLOGY LAB IS INEXCUSABLE. ON THE MANY TIMES THAT I HAVE VISITED THE HOSPITAL, I HAVE BEEN WITNESS TO VETERANS WAITING FOR TESTING IN THE HALLWAYS CLAD ONLY IN HOSPITAL GOWNS AND LYING ON GURNEYS IN THE CRAMPED AISLE. I WONDER HOW MANY VETERANS HAVE DELAYED OR FOREGONE MEDICAL CARE AS A RESULT OF THE POOR CONDITION OF THE OUTPATIENT FACILITY.

IN 1984, $1.5 MILLION WAS SPENT IN DEVELOPING PLANS FOR AN OUTPATIENT CLINIC. THE ORIGINAL PLANS INCLUDED A NEW SURGICAL SUITE, A PHARMACY, AND A NEW RADIOLOGY LAB. UNFORTUNATELY, FUNDING FOR THE PROJECT WAS REJECTED BY THE REAGAN ADMINISTRATION AND NEVER COMPLETED. IN BOTH 1988, AND 1989, THE CLINICAL ADDITION WAS CONSIDERED BY THE VA TO BE A PRIORITY ITEM AND PLANS WERE SUBMITTED TO OMB TO INCLUDE THE PROJECT IN ITS RESPECTIVE FISCAL YEARS BUDGET REQUESTS. HOWEVER, THE PROJECT WAS NOT ACCEPTED BY OMB APPARENTLY BECAUSE OF AN ISSUE TOTALLY UNRELATED TO THE OUTPATIENT PROBLEMS.

IN FORMULATING INITIAL PLANS FOR ELSMERE'S CLINIC BACK IN 1973, VA PERSONNEL USED A 280 INPATIENT BED CALCULATION FOR THE OVERALL FACILITY. IN THE 1984 PLANS, THE VA CONTINUED TO USE THE 280 BED FIGURE. THIS IS ESSENTIALLY WHAT OMB OBJECTED TO AND NOT THE NEED FOR THE CLINICAL ADDITION ITSELF. IN RECENT YEARS, THERE HAS BEEN A DECLINE IN THE NUMBER OF INPATIENT STAYS AND OMB BASED ITS OBJECTIONS ON THAT POINT.

AS I STATED EARLIER, THE MEMBERS OF THIS SUBCOMMITTEE WERE INSTRUMENTAL IN OUR EFFORTS TO HAVE THE PROJECT REEVALUATED. THE NEW PROPOSAL IS BASED ON AMONG OTHER ASSUMPTIONS, A SMALLER NUMBER OF INPATIENT BEDS. THIS WILL PERMIT THE RENOVATION OF SOME AREAS NOW IN USE FOR INPATIENT STAYS FOR THE OUTPATIENT SERVICES AND SOME REDUCTION IN COST FOR THE NEW CONSTRUCTION. IN A CLIMATE WHERE PARING DOWN COSTS IS ESSENTIAL, THE CONSTRUCTION OF THIS PROJECT UTILIZING AREAS OF THE PRIMARY HOSPITAL MAKES GOOD SENSE. THE FUNDING THAT THE PROJECT RECEIVED LAST YEAR HAS GOTTEN PLANS FOR THIS LONG AWAITED CLINIC BACK ON TRACK.

AT THIS POINT, HOWEVER, IT IS NECESSARY TO SECURE FUNDS FOR THE NEXT STEP OF THIS PROJECT. THE NEXT PHASE OF THE PROJECT INVOLVES PRODUCING DRAWINGS, SPECIFICATIONS, AND OTHER DOCUMENTS NECESSARY FOR BIDDING AND CONSTRUCTION. TO THIS END, WE ARE SEEKING $1.7 MILLION TO BE DIRECTED TO THE VA DESIGN FUND FOR PREPARING CONSTRUCTION DOCUMENTS FOR THE CLINICAL ADDITION. WHILE I REALIZE THAT DOLLARS ARE SCARCE, THIS PROJECT HAS BEEN DELAYED TOO LONG. THE VA IS NOW WORKING HARD TO ENSURE THAT THIS CLINIC IS CONSTRUCTED IN A MOST COST-EFFECTIVE MANNER.

THANK YOU AGAIN FOR THE OPPORTUNITY TO SPEAK BEFORE YOU TODAY. VETERANS OF THE DELAWARE, MARYLAND, NEW JERSEY, AND PENNSYLVANIA AREA HAVE WAITED FAR TOO LONG FOR CONSTRUCTION OF THEIR CLINICAL ADDITION. AND I ASK THAT YOU GIVE FUNDING OF THIS PROJECT YOUR CONSIDERATION.

TUESDAY, MAY 1, 1990.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

REBECCA HUGHES, ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

Mr. TRAXLER. We would like to welcome Rebecca Hughes. She is with the Association of State Floodplain Managers. She is going to tell us about FEMA. We will put your whole statement in the record.

Ms. HUGHES. Thank you. I am also the Chief of the Flood Plain Management Program for the State of Maryland, but I am here on behalf of the Association. This association is the only national organization of state and local officials responsible for managing floodplain areas and for identifying mitigation opportunities.

Those are the opportunities that will help us reduce future susceptibility. Including state chapters we now number a little over a thousand, I believe, which is up from about 300 members last year. We were very pleased to see this committee's interest in improving the nation's underinsurance situation, as expressed in last year's report language.

We continue to support compliance with the mandatory purchase and retention requirements by the lending community. A great deal of attention is being given to that now by the authorizing committee. The Federal Insurance Administration has reported a slight increase in the number of policies.

The current estimate is we are now up to a resounding 14 or 15 percent of the structures in the nation's floodplains are insured. Yes, it is an improvement. It is still sadly low. This nation is severely underinsured for flood damages. I think it will be of interest to the members of the committee that data on the situation, after Hurricane Hugo, is likely to be available soon and that that will tell us some specifics about the number of people who were insured and the rate of lender compliance with the law in that area.

Last year a key word that we asked for your attention to was the word, "mitigation." We continue to emphasize that only through a positive approach of helping owners of repetitively damaged structures can we begin to see a significant decrease in flood-related costs, and this is another matter that is under considerable investigation by the authorizing committee.

They expect to hold hearings on this later this year. In terms of the fiscal year 1991 budget for FEMA and the Federal Insurance Administration, I am here today to emphasize the importance of continuing to improve assistance to communities and efforts to monitor and evaluate community compliance with the National Flood Insurance Program requirements.

Most of us, we sit in state capitals, we sit in national capitals, I think unless we have actually worked in a local jurisdiction we really cannot appreciate the difficulty that a small town may have with floodplain management. All too often the available data are incomplete, the maps are either older or insufficient to readily enforce. Communities with small or part-time staffs frequently have a very difficult time resisting the pressures brought by developers.

We feel very strongly that only through regular community visits, such as those that states currently conduct under the community assistance program, can these communities be supported.

These visits are also the most effective way to determine if communities are holding up their end of the bargain. If you recall, in return for disaster assistance and flood insurance, communities have to manage their flood-prone lands properly. How do we know that is being done?

Only through those visits can we really ensure that. We believe there are two ways to improve assistance to communities. One is to add $1 million to the funding that is passed through the states to improve their ability to help communities, both enforce and implement their current regulations, but also to assist with the new community rating system.

This program will reward certain local and state efforts who exceed federal minimum standards. Right now the standards don't provide for regional variation. That is left up to local initiatives, and many local jurisdictions have taken that initiative. We see this program as the best way to slow the rate of floodplain development that is occurring despite land use aspects of the NFIP.

We are also encouraged that the community rating system recognizes public information and safety aspects which, have really not been previously acknowledged within the National Flood Insurance Program.

The other way to help communities is to expand FIA capabilities. There are over 18,000 communities participating in the Flood Insurance Program, ranging from the largest city, New York City is up there, as is the smallest town in the nation.

Under the Community Assistance Program and cooperative efforts with other federal agencies, 2,200 of these communities get a face-to-face visit each year. In Pennsylvania alone, of course, there are 2,500 communities. Most of those don't get a visit on a regular basis.

If you work with the numbers on averages it is seven to eight years between community visits. Staff change, floods occur, too much happens. That is not frequent enough for most communities.

So we urge your positive consideration of $1.5 million additional funding and 25 full-time positions for FIA. We would like to see most of those positions located in the regions where the vital community work needs to be accomplished.

Another matter of concern to our members is funding allocated for mapping of coastal erosion rates and zones. We would like to see the total for this year increase to $5 million up from the $2 million that is in the budget. A great deal of data already exists in other agencies and in universities, and we feel that the first year should be an aggressive effort to expedite casting that available information into a usable format.

We also support and are very pleased to see that this year's budget does include $4.72 million for Section 1362, which is used to purchase the heavily damaged structures. However, we continue to caution that draws on these funds are triggered by flood events which cannot be foretold, and we hope that it will be sufficient to cover anticipated applications resulting from Hurricane Hugo, and of course the flooding that has been so widespread throughout the South earlier this year.

While we strongly support Section 1362, we are hopeful that improvements to mitigation, which are under consideration now, will give us the opportunity to identify and relocate buildings that can easily be seen as sitting ducks. They are close to the river, the water is going to be fast and deep, we shouldn't have to wait for our citizens to go through the terror and suffering of a flood before we can help them move their buildings out of harm's way.

On behalf of the association, I would like to thank you for the opportunity to present our position and I will be pleased to respond to any questions.

Mr. TRAXLER. I thank you for that very interesting discussion. Do you have any questions?

Mr. COUGHLIN. No questions, Mr. Chairman.

Mr. GREEN. No questions.

Mr. TRAXLER. All right, thank you very much, Ms. Hughes.

[The statement of Ms. Hughes follows:]

ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.
P.O. Box 2051 Madison, Wisconsin 53701-2051 (608) 266-1926

Chair
Robert R. Cox
Louis. DOT & Development
Floodplain Management Section
P.O. Box 94245, Rm. 430
Baton Rouge, LA 70804-9245
(504) 379-1432

Vice-Chair
Jack Riessen
Iowa DNR
Wallace State Office Bldg.
Des Moines, IA 50319
(515) 281-5029

Secretary
Donna J. Hall
Kentucky Cabinet for
Natural Resources and
Environmental Protection
18 Reilly Road
Frankfort, KY 40601
(502) 564-3410

Treasurer
William A. Lesser
Mass. Div. of Water Resources
100 Cambridge St., Rm. 1304
Boston, MA 02202
(617) 727-3267

Executive Director
Larry A. Larson, P.E.
Wisconsin DNR
P.O. Box 7921
Madison, WI 53707
(608) 266-1926

TESTIMONY

of the

ASSOCIATION OF STATE FLOODPLAIN MANAGERS

before the

U.S. HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES

of the

COMMITTEE ON APPROPRIATIONS

May, 1990

FEDERAL EMERGENCY MANAGEMENT AGENCY: FY91 APPROPRIATIONS

TESTIMONY OF THE ASSOCIATION OF STATE FLOODPLAIN MANAGERS

FEDERAL EMERGENCY MANAGEMENT AGENCY - APPROPRIATIONS: FY'91

MAY 1, 1990

The Association of State Floodplain Managers is the only national organization of state and local officials responsible for managing hazardous flood-prone areas. We represent agencies and individuals who implement the floodplain management aspects of the National Flood Insurance Program (NFIP). Our members are also active in flood hazard mitigation and other activities to reduce and prevent flood damage.

The National Flood Insurance Program has evolved significantly since its inception. The most promising new initiative is the Community Rating System (CRS). The CRS will encourage innovative state and local programs that exceed minimum standards. We look forward to continuing our role working with the Federal Emergency Management Agency (FEMA) to develop improvements that will reduce flood losses and costs to the Nation.

The Association requests that priority attention be directed to the following aspects of the FY'91 budget for the Federal Emergency Management Agency and the Federal Insurance Administration (FIA):

o FIA's flood hazard reduction programs are inadequately funded to meet the rising need. Its Community Assistance Program requires an additional $1 million to appropriately support cooperative efforts with states.

o An additional $1.5 million to fund twenty five staff positions for FIA headquarters and regional offices is essential. These people are required to adequately support the need and demand for flood loss reduction activities, including monitoring of community performance and compliance with the NFIP requirements, initiation of the Community Rating System, retrofit-floodproofing initiatives, and coastal erosion considerations.

o An additional $3 million should be added to expedite preparation of coastal erosion rate mapping.

o Inclusion of the proposed $4.72 million under Section 1362 - Acquisition of Flood Damaged Buildings is critical for the continuation of this effort.

Our concerns regarding the status of floodplain management and the National Flood Insurance Program can be summarized under three major categories:

The Nation Is Underinsured Against Flood Damage

The total number of flood insurance policies has only recently begun to show a slight increase after being essentially static since 1980. Only 14-15% of an estimated 9-11 million structures in identified flood hazard areas have insurance. One cause for this severe underinsurance situation is inadequate implementation of the mandatory purchase and retention of flood insurance requirements by lenders. Further, policy holders find it too easy to cancel policies despite requirements to maintain them. Also contributing to the problem is the discrepancy between flood insurance rates which are generally considered high, and the average floodplain occupant's perception of the risk of flooding.

Mitigation Initiatives Will Reduce Damage To Older Buildings.

Flooding results in a full range of damage. Major floods can cause virtual destruction of buildings. Less intense or less forceful flood events may not render structures uninhabitable, but are the cause of minor and often repeat damage. The cycle of build-damage-rebuild-damage again must be broken in order to significantly reduce the Nation's flood damage and costs. Amendments to the National Flood Insurance Act of 1968 will soon be considered. Among the most important changes to be addressed will be mitigation activities designed to accomplish this goal.

Efforts To Minimize Future Flood Losses Must Be Strengthened.

Prevention of future flood losses and damage is the primary objective of floodplain management and land use regulatory programs at state and local levels. Since the initiation of the NFIP, the Federal Insurance Administration has steadily and admirably worked to provide maps and regulations for special flood hazard areas. These tools are the foundation of basic efforts to minimize the Nation's susceptibility to flooding. It is crucial that these maps be properly updated, revised and maintained.

The dollar figures that appear in the federal budget are a small portion of the total costs of floods. There are many expenditures related to flooding in addition to the costs incurred by the Federal Emergency Management Agency for disaster assistance and flood insurance claims. State and local governments bear much of the cost of regulating floodplains, preparing floodplain studies and maps, fighting floods, and constructing flood control projects.

When the President declares a major disaster and the federal expenditures are announced to the public, few people know or remember that states pick up 25% of disaster assistance costs. More significantly, many floods each year are deemed manageable without federal assistance. Recovery from these events is fully paid for by citizens, states, and local governments. Individual businesses and homeowners pay dearly for property damage, lost business productivity, and suffering.

In an average year, floods in the United States kill over 150 people and cause more than $5 billion in damage to property.

These numbers are likely to increase as pressures increase for more floodplain development. The Association of State Floodplain Managers wants to stop the increases in flood damage and the corresponding increases in government expenditures. We want to reduce the disruption, damage, and emotional distress caused by flooding.

Our state and local members work every day to manage new construction in floodplains. We also advise property owners on methods to reduce damage to development that pre-dates the establishment of these management practices. FEMA's flood insurance and hazard mitigation programs help in these efforts. However, only through close cooperation with state and local governments can these federal initiatives be effective.

RECOMMENDATIONS:

The Association of State Floodplain Managers has the following recommendations related to FY'91 Appropriations for the Federal Emergency Management Agency:

1. Assisting And Monitoring Local Communities

   One of FEMA's most successful partnership programs will soon enter its fifth year: the Community Assistance Program (CAP). FIA's meager headquarters and regional staffs are supplemented through cooperative agreements with most states to provide assistance to communities. Monitoring community performance and compliance is crucial to successful floodplain management. The Community Rating System (CRS), a new FEMA/FIA initiative that the Association strongly supports, will begin this year. It will encourage proactive local floodplain management efforts that exceed the federal minimum standards. Reduced flood insurance premiums will be available to property owners in participating communities. The cost savings in future damage avoided are expected to be substantial. An increase of $1 million above the proposed budget request for the Community Assistance Program will assure needed technical assistance to communities to meet the Community Rating System and other flood loss reduction objectives.

2. Flood Loss Reduction Staff Requirments

   FIA's flood loss reduction activities have been funded at a static level of about $4 million since 1983. Staff in these sections are responsible for a variety of functions, but none more important than community compliance. Section 1316 of the NFIP establishes that flood insurance can only be offered in jurisdictions that satisfactorily implement the requirements. Only through diligent and routine evaluations can performance be adequately determined. Further, it is clear that regular assistance contact with community officials fosters cooperation and program improvements. The Association strongly urges the addition of $1.5 million to fund the creation of an additional 20 positions for the regions, and 5 positions for headquarters.

3. Coastal Erosion

The "Jones/Upton" Amendment of 1987 (Section 1306) provides for insurance payments for relocation or demolition of structures that are subject to imminent collapse due to erosion. Professional floodplain and coastal managers recognize that community-level erosion zone management will be a crucial element in avoiding future hazardous situations and costs. As with floodplains, communities will rely upon maps with designated erosion rate zones. Along much of the Nation's coastlines, data are available for actively eroding areas. For FY'91, only $2 million is allocated to begin to collect, review and prepare these data into useable management tools. A minimum of $5 million per year for the next 5-6 years is needed for this effort and for the development of erosion rate data in areas where they are currently lacking, and to update data and maps after storms which induce erosion.

4. Section 1362 - Acquisition of Flood-Damaged Buildings

The Section 1362 program is used to solve a relatively small number of significant and severe problems by providing funds to purchase heavily damaged structures. Draws on these funds are a function of the occurrence of flood events. Several 1989 floods and hurricanes and recent disasters in the South are likely to produce a large number of candidates. We support the President's FY'91 budget which contains $4.72 million for Section 1362. This will hopefully meet the need. Many buildings can easily be identified as suitable 1362 purchases due to their location within highly hazardous floodplains, usually referred to as floodways. A new approach is needed to move these homes before damage and suffering occur.

5. Mapping - The Management Tool

The foundation of the flood insurance and land use/floodplain management programs is the Flood Insurance Rate Map (FIRM). Floodplain mapping has nearly been completed by FEMA for almost 18,000 communities. This is far from the end of the mapping effort. Many communities need map revisions and map updates. In particular, maps that are more than five years old are poor management tools in areas of rapid growth. Remapping must keep pace with technology and development in order for the NFIP to effectively continue to reduce flood damage. In the coming years, sufficient funds will be required to adequately identify remapping needs, to provide the updated studies and maps, and to rapidly convert to an digitized Geographic Information System to improve the quality, distribution, and useability of the map products.

6. Mandatory Purchase And Policy Retention

The Nation's underinsurance situation is perpetuated by uneven implementation of the requirements to get and keep flood insurance on structures in designated flood hazard areas. These requirements are the responsibility of federally-regulated and insured lenders. It is clear that lenders must properly require the purchase and retention of flood insurance. One result of proper and thorough implementation will be growth of the policy base and increases in revenues to the National Flood Insurance Fund. More insured buildings will reduce the likelihood of draws on the Federal Treasury in the event of major flood disasters. Statutory amendments designed to improve lender performance are among revisions to the NFIP that are currently under consideration.

7. Mitigation of Repetitive Losses

One of the most perplexing problems in floodplain management is the build-damage-rebuild-damage again cycle, frequently referred to as the repetitive loss situation. A relatively small number of structures represent a large number of repeat claims against the National Flood Insurance Fund. New initiatives are needed to mitigate these losses. This is truly the classic situation of spending now to effect significant savings later. Statutory initiatives to create a new mitigation program are being considered. Crucial to its success is establishment of a dedicated Mitigation Fund.

8. Flood Insurance Rates

The question of rate increases is often raised when the fiscal integrity of the National Flood Insurance Fund is discussed. It is inappropriate and shortsighted to react to rising flood damage and costs simply by increasing insurance rates, adding surcharges, decreasing coverage, or increasing deductibles. The net effect of those actions is to penalize people who are trying to provide themselves with some financial protection. It does little to affect massive public and private costs resulting from the large number of flooded buildings that are uninsured. Efforts to broaden the policy base and to decrease risks to older buildings must be strengthened. Only in this way will we truly reduce the impacts of floods instead of focusing on affecting the fiscal balance in the National Flood Insurance Fund.

Successful flood damage reduction in the United States requires consistent and coordinated efforts from all levels of government as well as the private sector. The Association of State Floodplain Managers believes that FEMA and FIA have accomplished a great deal by pursuing these partnerships. The job is far from complete. We pledge our support to the continued pursuit of flood loss prevention and mitigation programs.

Questions or comments on this testimony should be directed to Rebecca Q. Hughes, ASFPM Legislative Officer, at (202) 858-8041 - Ext. 3825, or Larry Larson, ASFPM Executive Director, at (608) 266-1926.

TUESDAY, MAY 1, 1990.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

RICHARD ROSS, NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

Mr. TRAXLER. Richard Ross, President of the National Emergency Management Association. We welcome you. We will put your full statement in the record.

Mr. ROSS. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I am delighted to appear before you today on behalf of the National Emergency Management Association, of which I am President. I represent the State Emergency Management Directors across the country.

1989 was a year like emergency management directors across this great country had never seen before. Recent disasters such as the Loma Prieta earthquake and Hurricane Hugo certainly reenforced the basic tenet of emergency preparedness, and that is that the first 24 hours are probably the most critical time.

Those communities and counties and states that are best prepared, best trained, best organized, and best rehearsed will stabilize and save property. Those who are not in those categories certainly don't do as well. NEMA recognizes that the low loss of life from Hugo and Loma Prieta can be linked directly to FEMA's budgetary and technical support to the states, principally through the civil defense funds and their dual use provisions for natural and technological hazards and other peacetime disasters.

Certainly the mass evacuations in the Carolinas and the swift decisive actions by California state and local officials in response to their earthquake are a very remarkable testimony to the efficiency of this funding.

NEMA, of course, supports and endorses FEMA's overall budget request for fiscal year 1991. Sufficive to say this nation's ability to respond to the most serious national security threat of either an overt or covert attack or the national and technological hazards which we face and such as we witnessed in 1989 has been built empirically by 40 years of civil defense funding.

No such system would exist in this nation without that funding, I repeat no such system would exist in this nation without that funding. In recent years the system has been further enhanced by the all hazards approach to emergency management and augmented by budgetary support for other NEMA programs such as radiological emergency planning, the earthquake and hurricane preparedness emergency management training.

NEMA wishes to express its appreciation to the committee for its support of the Civil Defense Program, and specifically the modest 4 percent increase over fiscal year 1990 funding the current $154.1 million proposed for fiscal year 1991.

While we support this increase on behalf of the states, there is certainly evidence in the recent past that the civil defense budget is not keeping pace with the local requirements for federal funds to support our nation's emergency management programs at the local level.

A 1988 survey conducted by my association revealed a short-fall of over $20 million in emergency management assistance funds, and that was before Loma Prieta and the flooding and the tornados and Hugo of 1989. the balance of my testimony will focus on three specific areas, three key programs, emergency management training, earthquake and hurricane preparedness and SARA Title III dealing with hazardous materials.

The need for adequate training of emergency personnel and managers certainly remains overwhelming. The tragic plane crash at Sioux City last summer, Hugo, Loma Prieta demonstrated the value of such training, testing, and exercising as seen with effective life-saving response in each.

With lessons learned in all disasters of 1989, our nation can ill-afford to reduce support for these training programs. The proposed NEMA budget for fiscal year 1991 includes a major increase in funding for earthquake and other major hazards from $5.9 million in fiscal year 1990 to $12 million for this coming year.

Some 39 states in this country are at moderate to high risk for earthquakes. NEMA applauds the significant increase as a clear federal mandate to the states for improved earthquake safety and mitigation measures among the various states.

With lessons learned from Loma Prieta and Hugo's devastating effect on the Caribbean and Carolinas, NEMA urges that the current fiscal year 1991 federal/state cost-sharing basis for earthquake and hurricane preparedness be restored to the 75 percent federal, 25 percent state match formula employed up until fiscal year 1990.

Several new states are being added to the National Earthquake Hazardous Reduction Program, which currently uses the 50/50 percent hard match basis as required by OMB. Most new NEHRP states may not be able to come up with the first year funding match needed to help cope with the earthquake threat in their states.

By restoring the 75-25 federal/state match, and that is a soft match for the new states, more states can readily begin to develop or enhance earthquake or hurricane preparedness programs, which will minimize casualties and damages. I certainly must express our concern over FEMA's role in implementing Title III of SARA and specifically the importance of restoring the monies that was authorized originally under this act for training.

Title III has resulted in unprecedented state and local efforts to prepare for hazardous material accidents and to inform the public of the presence of hazardous materials in their communities. Congress, however, has failed to generate or has failed to capitalize on the progress and momentum generated by Title III.

Specifically the fragmentation at the federal level with respect to program guidance and leadership has served as an impediment to effective implementation of Title III at the state and local level.

Mr. TRAXLER. Could we have the record indicate that the administration failed to request any money for Title III?

Mr. ROSS. That is my next line. NEMA strongly encourages the restoration of the $5 million section 305 of Title III of Superfund reauthorization to support state and local hazardous material training.

Last year FEMA did not request this funding but Congress included $3.8 million. Thank you gentlemen. We appreciate this effort, and again FEMA did not request these funds this year.

In summary, NEMA does support the proposed increases and budget of FEMA and respectfully requests your consideration of enhanced funding in the areas I have just discussed. We appreciate this opportunity to appear before you.

Mr. **TRAXLER**. Thank you very much, Dick.

We don't know what our 302(b) allocation is going to be, of course. Everything depends upon that. We will do the best we can under the circumstances.

Mr. **GREEN**. We visited around a couple of months after Hugo. One of the perceptions I came away with in South Carolina was that in virtually every instance there was someone on the local government staff who had been through the FEMA training.

Mr. **ROSS**. Yes, sir.

Mr. **GREEN**. But that that person wasn't necessarily linked to the chief elected officials of the jurisdiction, so that the chief elected official didn't have much understanding of what FEMA would or would not be doing and didn't seem to have much grasp of the process and as a result I think there were some false expectations, and it caused a bad atmosphere and made for ongoing problems in terms of working together.

What has to be done to overcome that so that the person who is getting the training is the person to whom the local chief elected official is looking for guidance.

Mr. **ROSS**. Congressman Green, I have heard from many congressional committees in front of whom I have testified this year that maybe we are training the wrong people at EMI in Emmetsburg or even in the state agencies. We all know that our chief executives at the community, county, township level, state level across the country have many burdens and growing burdens, but certainly that is a key element.

The chief executives at each of those jurisdictional levels must know the procedures, and if they don't, it is a very slow process getting started, and of course far too often in our society with CNN roaming around the world, if in fact those local communities are not up to snuff, in what it is they should know, what rehearsals for planning they should have for the record, then maybe too often the next recourse is to go to me, and we know that that is probably not the best, but that is a reality.

Mr. **GREEN**. Do you see any potential for the groups like the National Association of Counties and the League of Cities.

Mr. **ROSS**. Absolutely, Congressman Green, absolutely. We do do that, but we need to reemphasize our efforts in that regard and perhaps the disasters of this last year will assist in bringing chief executives from Governors on down to the realities of this job.

Mr. **GREEN**. Thank you very much, Mr. Chairman.

Mr. **TRAXLER**. Dick, perhaps this is an unfair question, but when are we going to have a director for FEMA? Weren't they going to send Mr. Stickney's name up? What has happened to him?

Mr. **ROSS**. That is all I know, Mr. Chairman.

Mr. **TRAXLER**. That was weeks ago.

Mr. **ROSS**. That is the only thing I know.

Mr. **Traxler**. To your knowledge has his name been sent forward?

Mr. Ross. Not to my knowledge, but I may well be wrong. All right. Investigations are still being done by the FBI.

Mr. **Traxler**. Thank you very much.

[The statement of Mr. Ross follows:]

STATEMENT OF
RICHARD D. ROSS, PRESIDENT
NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

BEFORE THE
SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

May 1, 1990

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

ON BEHALF OF THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION (NEMA), I APPRECIATE THE OPPORTUNITY TO TESTIFY ON THE FY 91 BUDGET OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY. NEMA'S MEMBERS ARE THE DIRECTORS OF STATE EMERGENCY MANAGEMENT AGENCIES, AND ARE RESPONSIBLE FOR COORDINATING, GUIDING AND SUPPORTING STATE AND LOCAL EMERGENCY MANAGEMENT PROGRAMS ACROSS THE COUNTRY. THESE PROGRAMS ADDRESS VIRTUALLY EVERY TYPE OF NATURAL, MAN-MADE AND Technological HAZARD THAT OUR SOCIETY FACES. IN THIS CONTEXT, EMPHASIS IS PLACED ON DEVELOPING AND MAINTAINING EMERGENCY PREPAREDNESS PROGRAMS AT THE LOCAL LEVEL.

RECENT DISASTERS SUCH AS THE LOMA PRIETA EARTHQUAKE AND HURRICANE HUGO REINFORCE A BASIC TENET OF EMERGENCY PREPAREDNESS: THE FIRST 24 HOURS OF A DISASTER ARE CRUCIAL; AND FURTHERMORE, THE EFFECTIVENESS OF RESPONSE AND RECOVERY EFFORTS ARE TYPICALLY DETERMINED (OR PRE-DETERMINED) BY THE LEVEL AND QUALITY

OF EMERGENCY PLANNING, TRAINING, HAZARD AWARENESS AND EDUCATION AMONG LOCAL OFFICIALS AND THE PUBLIC. NEMA RECOGNIZES THAT THE RELATIVELY LOW LOSS OF LIFE FROM HUGO AND LOMA PRIETA CAN BE LINKED DIRECTLY TO FEMA'S BUDGETARY AND TECHNICAL SUPPORT TO THE STATES, PRINCIPALLY THROUGH CIVIL DEFENSE FUNDS AND THEIR DUAL USE PROVISIONS FOR NATURAL AND TECHNOLOGICAL HAZARDS AND OTHER PEACETIME DISASTERS. THE MASS EVACUATIONS IN THE CAROLINAS AND THE SWIFT, DECISIVE ACTIONS BY CALIFORNIA STATE AND LOCAL OFFICIALS IN RESPONSE TO THE EARTHQUAKE BEAR REMARKABLE TESTIMONY TO THE EFFICIENCY OF THIS FUNDING. NEMA LAUDS THE EXEMPLARY ACTIONS OF ALL STATE AND LOCAL EMERGENCY PREPAREDNESS OFFICIALS IN THESE AND OTHER DISASTERS IN 1989. AT THE SAME TIME, NEMA RECOGNIZES THE LEADERSHIP ROLE OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY IN PREPARING THESES AND OTHER STATES TO RESPOND SO WELL TO SUCH EMERGENCIES THROUGH BUDGETARY AND TECHNICAL SUPPORT IN A WIDE RANGE OF AREAS, INCLUDING EMERGENCY PLANNING, TRAINING, HAZARD AWARENESS, MITIGATION AND RESPONSE ACTIVITIES. THIS PARTNERSHIP ROLE BETWEEN FEMA AND STATE AND LOCAL GOVERNMENTS, INITIATED WELL BEFORE DISASTERS STRIKE, MUST CONTINUE UNIMPEDED IF WE AS A NATION ARE TO SQUARELY FACE THE CHALLENGES AND ISSUES OF THE 1990s, DESIGNATED AS THE DECADE OF NATURAL DISASTER REDUCTION.

NEMA STRONGLY ENDORSES FEMAs OVERALL BUDGET REQUEST OF $819.20 MILLION FOR FY 1991, SINCE SUCH FUNDS ARE SORELY NEEDED TO BUILD AND ENHANCE STATE AND LOCAL EMERGENCY PREPAREDNESS PROGRAMS ON AN ALL-HAZARD BASIS. SUFFICE TO SAY, THIS NATION'S ABILITY TO RESPOND TO THE MOST SEVERE NATIONAL SECURITY THREAT OF EITHER
1) OVERT OR COVERT ATTACKS UPON THE UNITED STATES, OR
2) CATASTROPHIC NATURAL OR TECHNOLOGICAL HAZARDS SUCH AS WE WITNESSED IN LATE 1989, HAS BEEN BUILT EMPIRICALLY BY 40 YEARS OF CIVIL DEFENSE FUNDING. NO SUCH SYSTEM WOULD EXIST IN THIS NATION WITHOUT THAT FUNDING. IN RECENT YEARS, THIS SYSTEM HAS BEEN FURTHER ENHANCED BY THE ALL-HAZARDS APPROACH TO EMERGENCY MANAGEMENT, AND AUGMENTED BY THE DUAL USE PROVISIONS OF CIVIL DEFENSE FUNDS AND BUDGETARY SUPPORT FOR OTHER FEMA PROGRAMS SUCH AS RADIOLOGICAL EMERGENCY PLANNING, EARTHQUAKE AND HURRICANE PREPAREDNESS, EMERGENCY MANAGEMENT TRAINING, ETC. CIVIL DEFENSE AND OTHER FEDERAL FUNDS TO THE STATES THROUGH THE FEMA BUDGET HAVE FORGED THE

INFRASTRUCTURE FOR THE ALL-HAZARDS APPROACH TO INTEGRATED EMERGENCY MANAGEMENT AT ALL GOVERNMENT LEVELS.

FEMA'S CIVIL DEFENSE PROGRAM IS A CRITICAL LINK IN THE FEDERAL/STATE/LOCAL PARTNERSHIP WHICH PROVED SO SUCCESSFUL IN PREPARING THE STATES TO MEET CRUCIAL Threats TO LIFE AND PROPERTY LAST YEAR. IN BASIC TERMS, THE NATIONAL WARNING AND COMMUNICATIONS SYSTEMS, EMERGENCY OPERATIONS CENTERS AND EMERGENCY MANAGEMENT PERSONNEL THAT ARE FUNDED THROUGH THE CIVIL DEFENSE PROGRAM TO ENHANCE NATIONAL SECURITY ARE ALL USED ON A ROUTINE BASIS IN OUR STATES TO SUPPORT EMERGENCY OPERATIONS - PARTICULARLY INCIDENTS INVOLVING HAZARDOUS MATERIALS.

THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION WISHES TO EXPRESS ITS APPRECIATION TO THIS COMMITTEE FOR ITS SUPPORT OF THE CIVIL DEFENSE PROGRAM, AND SPECIFICALLY THE MODEST FOUR PERCENT INCREASE OVER FY 1990 FUNDING TO THE CURRENT $154.1 MILLION PROPOSED FOR FY 1991. WHILE NEMA SUPPORTS THIS INCREASE ON BEHALF OF THE STATES, THERE IS EVIDENCE THAT RECENT INCREASES IN THE CIVIL DEFENSE BUDGET ARE NOT KEEPING PACE WITH STATE

AND LOCAL REQUIREMENTS FOR FEDERAL FUNDS TO SUPPORT OUR NATION'S EMERGENCY MANAGEMENT PROGRAMS. A 1988 SURVEY CONDUCTED BY NEMA REVEALED A SHORTFALL OF OVER $20 MILLION IN EMERGENCY MANAGEMENT ASSISTANCE (EMA) FUNDS, WHEN COMPARED WITH THE ACTUAL NEED AT THE STATE AND LOCAL LEVELS. SUCH A SHORTFALL CONTINUES TO GROW AND MANDATES THE ATTENTION OF CONGRESS AS A CRUCIAL ISSUE TO BE ADDRESSED IN COMING BUDGET YEARS.

THE BALANCE OF MY TESTIMONY WILL FOCUS ON OTHER PROPOSED BUDGETARY CONCERNS IN THREE KEY PROGRAMS - EMERGENCY MANAGEMENT TRAINING, EARTHQUAKE AND HURRICANE PREPAREDNESS AND SARA TITLE III (HAZARDOUS MATERIALS).

EMERGENCY MANAGEMENT TRAINING

THE NEED FOR ADEQUATE TRAINING OF EMERGENCY PERSONNEL AND MANAGERS REMAINS OVERWHELMING. THE TRAGIC PLANE CRASH AT SIOUX CITY, IOWA IN JULY 1989 DEMONSTRATED THE VALUE OF SUCH TRAINING, TESTING, AND EXERCISING AS SEEN WITH THE CITY'S EFFECTIVE RESPONSE AT THE CRASH SITE. WITH LESSONS LEARNED IN ALL DISASTERS OF

'89, OUR NATION CAN ILL AFFORD TO REDUCE SUPPORT FOR SUCH TRAINING PROGRAMS FOR STATE AND LOCAL OFFICIALS, AND FIRST RESPONDERS TO EMERGENCY SITES.

IN MOST STATES, VOLUNTEERS COMPRISE APPROXIMATELY 75 PERCENT OF THE PROFESSIONAL WORK FORCE IN THE FIRE AND EMERGENCY FIELD. AS SUCH, NEMA CANNOT OVEREMPHASIZE THE NEED TO MAINTAIN ADEQUATE FUNDING TO CONTINUE TRAINING STIPENDS FOR PERSONNEL ATTENDING THE EMERGENCY MANAGEMENT INSTITUTE AND THE NATIONAL FIRE ACADEMY PROGRAMS. NEW REQUIREMENTS OF A CHARGE FOR ATTENDEES AT THOSE INSTITUTIONS IS CERTAINLY A DISINCENTIVE FOR VOLUNTEERS. SUCH A PATH WILL ULTIMATELY CONTRIBUTE TO INCREASED RISKS FOR THE PUBLIC AND EMERGENCY RESPONSE PERSONNEL AS WELL.

EARTHQUAKE AND HURRICANE PREPAREDNESS

THE PROPOSED FEMA BUDGET FOR FY 91 INCLUDES A MAJOR INCREASE IN FUNDING FOR EARTHQUAKE AND OTHER HAZARDS, FROM $5.9 MILLION IN FY 89 TO $12 MILLION FOR THIS COMING YEAR. SINCE 39 STATES IN THIS COUNTRY ARE AT MODERATE TO HIGH RISK TO EARTHQUAKE, NEMA APPLAUDS

THIS SIGNIFICANT INCREASE AS A CLEAR FEDERAL MANDATE FOR IMPROVED EARTHQUAKE SAFETY AND MITIGATION MEASURES AMONG THE VARIOUS STATES. HOWEVER, THE BUDGET PROPOSAL ALSO FEATURES A 50 PERCENT FEDERAL/50 PERCENT STATE COST SHARE OF FINANCIAL ASSISTANCE IN THE EARTHQUAKE AND HURRICANE PREPAREDNESS PROGRAMS, WHICH, THROUGH FY 89, WERE ADMINISTERED ON A 75/25 MATCHING BASIS. WITH LESSONS LEARNED FROM LOMA PRIETA AND HURRICANE HUGO'S DEVASTATING EFFECT ON THE CARIBBEAN AND THE CAROLINAS, NEMA URGES THAT THE CURRENT FY 91 FEDERAL/STATE COST SHARING BASIS FOR EARTHQUAKE AND HURRICANE PREPAREDNESS BE RESTORED TO THE 75% FEDERAL/25% STATE MATCH FORMULA EMPLOYED IN FY 89. SEVERAL NEW STATES ARE TO BE ADDED TO THE NATIONAL EARTHQUAKE HAZARD REDUCTION PROGRAM (NEHRP), WHICH CURRENTLY USES THE 50/50 PERCENT HARD MATCH BASIS, AS REQUIRED BY OMB. BECAUSE OF THE CONFLICT BETWEEN THE FEDERAL AND STATE BUDGET YEAR CALENDARS, MOST NEW NEHRP STATES MAY NOT BE ABLE TO COME UP WITH THE FIRST YEAR FUNDING MATCH NEEDED TO HELP COPE WITH THE EARTHQUAKE THREAT IN THEIR RESPECTIVE STATES. BY RESTORING THE 75/25 FEDERAL/STATE MATCH (AND THAT A

SOFT MATCH FOR NEW STATES), MORE STATES CAN READILY BEGIN TO DEVELOP OR ENHANCE EITHER EARTHQUAKE AND/OR HURRICANE PREPAREDNESS PROGRAMS WHICH WILL MINIMIZE CASUALTIES AND DAMAGES FROM SUCH CATASTROPHIC EVENTS.

TITLE III OF SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT (SARA) OF 1986

I MUST EXPRESS NEMA'S CONCERNS OVER FEMA'S ROLE IN IMPLEMENTING TITLE III OF SARA AND SPECIFICALLY THE IMPORTANCE OF RESTORING THE $5 MILLION THAT WAS AUTHORIZED UNDER THE ACT FOR TRAINING.

TITLE III HAS RESULTED IN UNPRECEDENTED STATE AND LOCAL EFFORTS TO PREPARE FOR HAZARDOUS MATERIAL ACCIDENTS AND TO INFORM THE PUBLIC OF THE PRESENCE OF HAZARDOUS CHEMICALS IN THEIR COMMUNITIES. CONGRESS, HOWEVER, HAS FAILED TO CAPITALIZE ON THE PROGRESS AND MOMENTUM GENERATED BY TITLE III. SPECIFICALLY, THE FRAGMENTATION AT THE FEDERAL LEVEL WITH RESPECT TO PROGRAM GUIDANCE AND LEADERSHIP, HAS SERVED AS AN IMPEDIMENT TO EFFECTIVE IMPLEMENTATION OF TITLE III AT THE STATE AND LOCAL LEVEL.

SIMPLY PUT, FEMA NEEDS TO ASSUME A MORE AGGRESSIVE ROLE IN A NATIONAL PROGRAM FOR HAZARDOUS MATERIALS PREPAREDNESS AND RESPONSE. HAZARDOUS MATERIALS ACCIDENTS ARE CLEARLY THE MOST COMMON TYPE OF HAZARD THAT WE FACE IN OUR COMMUNITIES. ON A GIVEN DAY, A STATE EMERGENCY MANAGEMENT OFFICE WILL RECEIVE FROM THREE TO FIVE REQUESTS TO ASSIST IN A HAZARDOUS MATERIALS ACCIDENT. THE SIGNIFICANCE OF TITLE III OF SARA IS THAT IT PROVIDES FOR THE ESTABLISHMENT OF THOUSANDS OF LOCAL COMMITTEES, COMPRISED OF PUBLIC AND PRIVATE SECTOR OFFICIALS DEDICATED TO COMMUNITY AWARENESS AND PREPAREDNESS AS RELATES TO HAZARDOUS MATERIALS. MOREOVER, THE FEDERAL FUNDS THAT WERE APPROPRIATED THROUGH TITLE III FOR TRAINING AND ORGANIZATIONAL DEVELOPMENT WERE MORE THAN MATCHED BY STATE AND LOCAL FUNDS.

NEMA STRONGLY ENCOURAGES THE RESTORATION OF THE $5 MILLION THAT IS AUTHORIZED UNDER SECTION 305 OF TITLE III TO SUPPORT STATE AND LOCAL TRAINING; AND FURTHERMORE, THAT FEMA BE PROVIDED WITH ADEQUATE BUDGETARY SUPPORT TO EFFECTIVELY ASSUME A MORE ACTIVE ROLE IN ALL ASPECTS OF HAZARDOUS MATERIALS PREPAREDNESS, RESPONSE, AND

RECOVERY (CLEAN-UP).

IN SUMMARY, NEMA SUPPORTS THE PROPOSED INCREASES IN THE CIVIL DEFENSE BUDGET OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY FOR FY 91, AND RESPECTFULLY REQUESTS YOUR CONSIDERATION OF ENHANCED FUNDING IN THE AREAS I HAVE JUST DISCUSSED. I CAN SAY, UNEQUIVOCALLY, THAT THE ADDITIONAL FUNDING WILL RESULT IN A MEASURABLE IMPROVEMENT IN THE PREPAREDNESS OF STATE AND LOCAL OFFICIALS FOR ANY TYPE OF DISASTER. THE EMERGENCY MANAGEMENT PROFESSIONALS AT THE STATE AND LOCAL LEVEL NEED YOUR ASSISTANCE AND WELCOME YOUR SUPPORT.

THANK YOU.

TUESDAY, MAY 1, 1990.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

JACK MOSKOWITZ, UNITED WAY

Mr. TRAXLER. Jack Moskowitz. Jack is an institution around the Hill. How long has it been since you worked in the Congress?

Mr. MOSKOWITZ. Mr. Chairman, that is an embarrassing question.

Mr. TRAXLER. Well, you may decline to answer.

Mr. MOSKOWITZ. For you, Mr. Chairman, I will tell you that I came here with Philip Hart, so therefore you can figure it out. Actually, I didn't come when he first came. I came in 1962. He came in 1959 actually. I stayed back home and tried to practice law, Mr. Chairman, but there was a desire to come here.

Mr. TRAXLER. We want to welcome you.

You are here on behalf of United Way and you are going to talk to us about FEMA.

Mr. MOSKOWITZ. Mr. Chairman, I would like to submit my statement for the record. I am the Vice President for Federal Government Relations at the United Way of America. I am going to be brief. We are at the United Way are supporting Mr. Vento's bill to reauthorize all the McKinney Act Programs, and so we are here to urge you when you get down to appropriating the money for the McKinney Act programs to fully fund to the authorization, now, the bill that Mr. Vento introduced provided for fiscal year 1991, 140.7, I believe, for fiscal year 1991, but I understand that Chairman Gonzalez has now marked up that up to $150 million.

I don't know if you had been aware of that. I am not quite sure how that was done.

Mr. TRAXLER. That was in HUD or FEMA?

Mr. MOSKOWITZ. My understanding is, and this is strictly from a staffer in Mr. Vento's office, that somehow, the way the budget resolution was worked out, there is some additional money there, and that is marked now but to answer your question, I think that they really meant to fully fund it.

Mr. TRAXLER. This sounds like a broken record. We don't know what our 302(b) allocation. We have many worthy agencies within the subcommittee, each requiring careful attention and funding by this subcommittee. I think Mr. Green would tell you, and his voice is listened to in this subcommittee, at least by me, that the homeless rank as one of our top priorities, but we want to hear from you now that we have already told you what our priorities are.

Mr. MOSKOWITZ. Well, the other main thing in this statement I have got here is that the board asked the agencies to make a study of what they thought we need. They feel it is at least three times what this study says. We are talking about the agencies they asked. That is the people who actually provide the services, and so that even at $150 million it is still short of what they could use, and in my testimony I used two examples, but it is not too different.

This money is used, and I don't want to elaborate on it, but usually these local boards, that is the structure, they have a local official; and this money is used, I believe the mayor has a person on the board in New York City.

This money is used as a base need so that with donated money these agencies can then do more. For instance in Bay City——

Mr. **Traxler**. I don't know how you picked Bay City.

Mr. **Moskowitz**. I had to pick something. I should have picked——

Mr. **Traxler**. Of course you did pick Saginaw.

Mr. **Moskowitz**. I did at that, Mr. Chairman. I asked the staff, I said Mr. Traxler is from Michigan, the staff at the United Way of America, they came back with an example from Washinaw, so I had to tell them that wouldn't do.

Mr. **Traxler**. Well, New York City would have been a better choice.

Mr. **Moskowitz**. But the fact is that the money is a base, and it frees up, this other donated money to do innovative programs, and it does this, and we are not here asking, for the total need but hope that you can see fit if the 302(b) allocation is right to get it fully funded this year.

It took a long time to get this program authorized, I must say.

Mr. **Traxler**. Which raises an interesting question, what do you understand to be the situation with the authorizers on the housing bill?

Mr. **Moskowitz**. I understand it is going up. I am going back over there today. It is going to be on the housing bill, that the McKinney Act programs, is that what your question was?

Mr. **Traxler**. Yes. How are they doing on the housing bill? Is that in the process?

Mr. **Moskowitz**. When I heard that they were asking for $150 million I walked out of the office, and I was going to go back there this afternoon. I really can't——

Mr. **Traxler**. We ask everybody that comes in the door how are they doing on the housing bill.

Mr. **Moskowitz**. I can't give you any Intelligence on that. I wish I could. I hope they can get something.

Mr. **Traxler**. We appreciate your coming over, and as I said yours is a very important issue. It has the sympathy of members of this subcommittee. Bill?

Mr. **Green**. I have no questions, Mr. Chairman.

Mr. **Traxler**. Thank you very much.

Mr. **Moskowitz**. Mr. Green, thank you.

[The statement of Mr. Moskowitz and additional written testimony on the Federal Emergency Management Agency follows:]

STATEMENT OF JACK MOSKOWITZ
VICE PRESIDENT, FEDERAL GOVERNMENT RELATIONS
UNITED WAY OF AMERICA
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES
MAY 1, 1990

United Way of America supports full funding of the McKinney Homeless Assistance Act programs. We are urging Congress to pass H.R. 3789 the Stewart B. McKinney Homeless Assistance Amendments Act introduced by Mr. Vento that reauthorizes these programs.

I am here to report to you on United Way of America's experience as administrator of the McKinney Emergency Food and Shelter Program (EFSP). In FY 1990 the program was funded at $130.1 million. The proposed $140.7 million for FY 1991 under H.R. 3789 is the bare minimum necessary to maintain services already being delivered. More funding is necessary to meet growing need. Two years ago, the Emergency Food and Shelter National Board did a survey of the agencies it funds and respondents said for what they were currently doing and to serve the clients they were currently serving the program would need to triple in size. Therefore we urge the subcommittee to appropriate the full $140.7 million provided for in H.R. 3789.

The Emergency Food and Shelter Program is not meant to solve the problem of homelessness, but rather to meet an emergency situation; it gets funds to those who need them quickly. The program has unexpected side benefits. Representatives of nonprofit organizations and local government, drawn together to focus on one community problem, have built alliances and linkages that have already helped to provide broader consideration for other community needs. For example, the Bay County, MI Emergency Food and Shelter Program, with the cooperation of the Michigan Department of Social Services, has created a network of agencies who work together to maximize the $90,000 they get by making sure each agency is funded for services they are best capable of providing. Thus the money can be used as a base and donated funds are freed for innovative programs such as a nutritional program for seniors with emergency food needs. The Saginaw County, MI program is similar. The need, determined by the local Emergency Food and Shelter Program board, has been for food. For instance, the East Side Soup Kitchen will serve over 30,000 meals this year to anyone seeking assistance at their facility. The Underground Railroad provides a safe place for victims of domestic violence. Using EFSP funds to help meet food costs frees the agency to supplement its program with additional services to clients. The Youth Protection Council supplies food to teenage mothers and families with young children to encourage proper diets for these groups. These examples in Michigan are replicated all over the country.

The nonprofit/government partnership structure of the Emergency Food and Shelter National Board Program is a model for success. In short, it's a partnership that combines national efficiency and local decision-making to deliver support for food and shelter to the homeless in a timely fashion.

In today's era of shrinking federal funds for domestic programs, this program provides a stellar example of how federal funds can be funnelled directly to local communities, providing for local decision making and greater efficiency of available funds.

The program administered by United Way of America is under the direction of a National Board chaired by the Federal Emergency Management Agency (FEMA) and consisting of representatives of United Way of America; The Salvation Army; The National Council of Churches of Christ in the U.S.A.; The Council of Jewish Federations, Inc.; Catholic Charities U.S.A. and The American Red Cross.

The program to aid the hungry and homeless, now part of the Stewart B. McKinney Homeless Assistance Act, was originally created by this subcommittee in 1983. Since then, $745 million has been awarded to over 2300 communities. In these 2300 communities approximately 9500 service agencies have provided 693 million meals and 196 million nights of lodging to at risk clients.

The success of the Emergency Food and Shelter Program is due to the voluntary/public partnership that exists at all levels -- National, State and Local. The National Board is replicated in every state and in each of the 2300 communities funded. All of the members of these boards serve as volunteers. FEMA is represented at the state and local levels by a local government representative.

The key feature of the program ensuring its success is the decision-making ability of the local boards. At the community level it is critical that decisions on the use of funds be based upon local need. Needs vary from community to community, housing costs vary from community to community, and available services vary from community to community; therefore, it is particularly important that decisions on the use of funds be made locally based on each individual community's needs, costs and services. For example, one community with a large population of mentally ill homeless might use its funds for housing programs to transition these people from shelters and group homes into their first apartment. Another community with low housing costs might put more of its funding into providing food. State geographic areas and local communities work hard in the Emergency Food and Shelter Program and do not take their decision making responsibility lightly. Their decisions help meet critical human needs.

Another very important factor in the Emergency Food and Shelter Program has been the quick response necessary to get the funds to agencies. The national staff, once advised that funds are available, can now notify communities within 10 days of their awards. Another added response mechanism instituted in FY 1990 is an electronic funds transfer system (EFT). EFT has allowed agencies receiving funds to get use of the monies from 7-14 days earlier than if they received a check.

The National Board believes this program continues to be the most efficient and effective way of providing services to the hungry and homeless throughout the country, however, more funding is needed.

The funding which has been provided, as others will testify, is being used by agencies to meet a need that continues to grow in scope. We hope that increased funds will be made available until long term solutions can be crafted to alleviate this critical national problem of providing for the poor and unfortunate.

National Coordinating Council on Emergency Management

7297 Lee Highway, Suite N Falls Church, Virginia 22042 (703) 533-7672

WRITTEN TESTIMONY FROM THE

NATIONAL COORDINATING COUNCIL ON EMERGENCY MANAGEMENT

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

MARCH 23, 1990

The National Coordinating Council on Emergency Management (Council) established in 1952, is a national organization dedicated to promoting the goals of saving lives and protecting property during emergencies and disasters. Composed primarily of local emergency managers and civil defense directors, with a growing number of professional and technical associates, the Council encourages the public and private sectors to develop and maintain effective emergency management programs to address natural and technological disasters through mitigation, preparedness, response and recovery activities. In addition, the Council fosters research, legislative and regulatory reviews, information exchange and educational programs, as well as membership representation on national advisory committees to advance professional standards within the emergency management community.

Our membership represents the grass roots of the emergency management community. In 1989 many had first hand experience with the hurricanes, tornadoes, floods, earthquakes and oil spills that focused national attention upon the importance to plan for and recover from disasters that devastate local communities. The safety of the citizens of the country is the reason for our professional existence, and the local emergency managers and civil defense directors strive to prepare for any and all hazards that may threaten their communities.

The Council is pleased to state that it supports the Fiscal Year 1991 FEMA budget request. However, this support is coupled with several concerns in the Civil Defense portion of the budget that impact local government.

First, Emergency Management Assistance (EMA) provides the financial support for the infrastructure of the federal--state--local partnership that fulfills the requirements of the Civil Defense Act and addresses the objectives of the National Security Decision Directive 259. In 1988 the National Emergency Management Association surveyed the EMA program and reported its findings to this subcommittee in 1989. The survey revealed that the federal government was not contributing its full share of funds for eligible cost items. The range of the shortfall was estimated to be between $20 to $25 million. After two years of small increases to address the shortfall and the intent of the 50/50 match EMA program, the Fiscal Year 1991 budget includes a $54 thousand decrease from the current funding level.

Inflation and inadequate federal funding levels have caused the funding match gap to widen over the years. The amount of EMA funds that finally reach the approximately 2,700 local participating jurisdictions is very small. The Council urges a substantial increase in EMA funding to make the program a truly 50/50 match partnership. By adequately preparing at the local level, we prepare America to manage all hazards.

Secondly, the Council is pleased that the provisions for student stipends under Training and Education have been restored in the Fiscal Year 1991 budget request. This funding will enable local emergency management personnel to attend the Emergency Management Institute at the National Emergency Training Center. As professionals, this educational opportunity is critical to stay abreast in our programs, research and technical advances in our field. It must be emphasized that the Council joins the fire service community in strongly opposing the proposed user's fee for students attending the Emergency Management Institute or the National Fire Academy.

In addition to the aforementioned concerns, the Council supports the proposed funding level in the National Earthquake program. With most of the past earthquake preparedness efforts focused on California, little has been done to prepare the other 40 states that are threatened by the earthquake hazard. There is a great need for public education, building codes and planning to prepare the country for catastrophic earthquakes. The Council also supports FEMA as the lead agency for the National Earthquake Hazard Reduction Program as well as for all natural disaster programs.

The Council is very concerned with the growing problems associated with hazardous materials. Caution and wisdom are encouraged in the development of the final draft of the Hazardous Materials Transportation Act (HMTA). The Council is hopeful that SARA-Title III and HMTA can be integrated in some form since the same emergency management resources are utilized to address a fixed site or transportation hazardous material incident. It must be emphasized that federal funding will be necessary to support any responsibility that may be imposed at the local level to fulfill the requirements of the Act. It must also be stated that since local government is still dealing with the impact of SARA-Title III, federal funding needs to be provided to support the SARA-Title III tasks being undertaken at the local level.

Additionally, there is a concern with regard to the lengthy delay in filling key positions within the Federal Emergency Management Agency. As a matter of record, the Council urges the Bush Administration to fill these positions with qualified individuals so that the emergency management community can move forward with strong, progressive, stable leadership at the helm of the lead emergency management agency.

In closing, the Council continues to emphasize its commitment to the Integrated Emergency Management System Concept -- all hazards approach, which includes nuclear attack preparedness. By planning for, responding to, and recovery from emergencies and disasters on a day-to-day basis, the all hazards approach strengthens local capabilities to deal with any and all disasters that may befall our communities and country. The lessons learned from the highly publicized 1989 disasters emphasize the need for additional funding, resources, and training if the emergency management community is to meet the challenges of future disasters which will surely occur.

TUESDAY, MAY 1, 1990.

CONSUMER PRODUCT SAFETY COMMISSION

WITNESS

MARY ELLEN R. FISE, PRODUCT SAFETY DIRECTOR, CONSUMER FEDERATION OF AMERICA

Mr. **TRAXLER**. Next up will be the panel of Pamela Gilbert of Public Citizen's Congress Watch, Mary Ellen Fise from the Consumer Federation of America, and Lucinda Sikes from the U.S. Public Interest Research Group, all here to tell us what is good about CPS or what is wrong with it.

Mr. **TRAXLER**. Lead off, Mary Ellen.

Ms. **FISE**. Let me just say from the outset that my testimony today represents the coalition for consumer health and safety and Consumers Union.

Mr. **TRAXLER**. Where is Consumers Union in all of this?

Ms. **FISE**. They are the publisher of Consumer Reporting Magazine. They also have a Washington office.

So they have read the statement and take these views. We urge the subcommittee to reinvigorate and to restore its ability by appropriating $50 million for fiscal year 1991.

We believe CPSC is an important agency because an estimated 22,500 consumers die in household accidents, and an additional 3.4 million suffer serious disabling injuries.

To say that another way, every nine seconds a consumer is injured in a home, and every 23 minutes a consumer dies as a result of such an accident.

Yet the Bush Administration has requested only $35.6 million and 513 FTEs last year in preparing its fiscal year 1991 budget. The staff prepared a budget request. They were told to go and examine what we need to get this agency going again, and they came up with a $40.3 million request and 550 FTEs.

But this budget was described by the staff as representing the minimum to conduct a viable product safety effort. Unconcerned that CPSC have enough funds to provide minimum basic protection for consumers, OMB reduced the agency's request as I previously indicated, and so apparently a kinder, gentler Nation is one where household fires burn homes to the ground, babies die on crib toys, children become permanently brain damaged in accidents, and consumers breath noxious indoor air pollution.

CPSC believes this proposed budget is inadequate for some of these reasons. First, there are no hazard contract funds in this budget. And this leads to projects being eliminated entirely, because they cannot find or get the research they need for delays.

A second area is issues that are not addressed, since a lack of money translates into a reduction in the number of projects that they address.

For example, there 1991 plan to address fire hazards includes only two projects, cigarette lighters and heat tapes. CPSC has had to cut out completely projects on upholstered furniture, fireworks, kerosene heaters, and kitchen ranges.

As I indicated, delays occur because of these budget restraints. In 1988, we filed a petition with CPSC to look at hazardous crib toys. More than 30 children have died on their crib toys.

It's not until the 1991 budget that we see this appears, so there appears to be a three-year delay. According to the CPSC itself, fires, bicycle related deaths, entrapment of children on beds have all been delayed or eventually dropped because of declining resources.

The effects on compliance and enforcement. These decreases have occurred despite the agency's admission that it has been years since nationwide compliance with certain CPSC regulations has been assessed.

We are particularly upset about the fact that the monitoring of voluntary standards is almost nonexistent in the 1991 budget. They asked to monitor only one voluntary standard, and yet the agency defers to voluntary standards on a regular basis.

With respect to hazard identification and analysis, the CPSC collects new information from only 65 hospitals, despite the fact that in 1978, in the optimal sample of NEISS hospitals collected data from was 130.

While the Commission's ability to exercise its regulatory powers is important, the information request must also receive budgetary support. Extensive analysis and recommendations as part of their hazard assessment programs are often wasted because there are insufficient consumer information funds.

For example, they have done a very excellent job in funding a contract on public playground equipment. Recommendations have come forward, and the Commission will be able to come up with a handbook, yet they will not be able to print and distribute the handbook.

So all that, the effort that has gone on will not get the information out and have these recommendations adopted by the public.

In sample areas like equipment and supplies, the 1991 budget contains no funds for equipment, no funds for their office automation systems.

In summary, we believe that Congress must step in and exercise its right to determine how effective our government can be in preventing these consumer deaths and injuries.

By establishing CPSC, you indicated your support for government's role in product safety. Now, it's critical that you let OMB know that you meant CPSC to be a strong protector of consumers and not a deceptive shell of a consumer agency that it has become.

With a budget of $50 million, we believe CPSC will have the needed resources to shore up data collection, broaden enforcement, and be a continuing important hazard reduction program.

The additional $14.4 million above the Administration request works out to approximately six cents per consumer, hardly an onerous burden, and yet the potential savings in terms of reduced deaths, injuries, not to mention property damage that could result, would be enormous.

Therefore, we encourage your support for injury reduction and control and your commitment to reinvigorating CPSC by allocating $50 million in fiscal year 1991.

[The statement of Ms. Fise follows:]

CFA Consumer Federation of America

STATEMENT

of

Mary Ellen R. Fise
Product Safety Director
Consumer Federation of America

Before the

VA, HUD, and Independent Agencies Subcommittee

of the

House Committee on Appropriations

on

FISCAL YEAR 1991 APPROPRIATIONS FOR THE

CONSUMER PRODUCT SAFETY COMMISSION

May 1, 1990

1424 16th Street, N.W., Suite 604 • Washington, D.C. 20036 • (202) 387-6121

Mr. Chairman, I am Mary Ellen Fise, Product Safety Director of Consumer Federation of America (CFA). I am pleased to testify today on the Fiscal Year (FY) 1991 Appropriation for the U.S. Consumer Product Safety Commission (CPSC). CFA is a non-profit consumer advocacy organization representing more than 250 local, state and national consumer groups with a combined membership of more than 50 million Americans. My testimony today also represents the views of the Coalition for Consumer Health & Safety 1/ and Consumers Union. 2/

CFA urges this Subcommittee to reinvigorate CPSC and restore its ability to protect American consumers by appropriating $50 million for CPSC in FY 1991.

Although a tiny federal agency, in comparison to other health and safety agencies, the CPSC is fortunate to have extremely dedicated employees struggling to address the myriad of safety hazards daily affecting the well-being of our nation. Their objective, to reduce consumer deaths and injuries, is staggering in light of the limited funds at the agency's disposal. Consider these facts: each year an estimated 22,500 consumers die in household accidents and an additional 3.4 million suffer disabling injuries; stated another way: every nine seconds a consumer is injured in a home accident and every 23 minutes a consumer dies as a result of such an accident.

Yet the Bush Administration has requested only $35.6 million and 513 full-time equivalents (FTEs) for CPSC in 1991---a budget authority $7 million dollars less than its budget in 1981 and the lowest personnel level ever in the history of the agency. Moreover, this budget request is $1.7 million below the agency's current services requirement. According to CPSC, considering inflation, pay raise absorptions and reduced appropriations, resources available to the agency have steadily declined by $10 million in the last six years.

Last year in preparing its FY 1991 budget submission for OMB, the CPSC staff prepared a budget request of $40.3 million and 550 FTEs. This budget request was described as representing the minimum cost to conduct a viable product safety effort. Unconcerned that CPSC have enough funds to provide minimum basic protection for consumers, OMB reduced the agency's request as

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1 Members of The Coalition for Consumer Health & Safety include 17 consumer and health groups and 22 insurance companies and associations. In its Consumer Health & Safety Agenda, the Coalition endorses an increase in CPSC's budget to $50 million.

2 Consumers Union of United States is a non-profit membership organization founded in 1936. It engages in consumer advocacy before the executive, judicial, and legislative branches of government. CU has previously presented testimony before this subcommittee urging a substantial increase in CPSC's budget.

previously noted. Apparently a "kinder and gentler nation" is one where household fires burn homes to the ground, babies die on crib toys, children become permanently brain damaged in playground and bicycle accidents, and consumers breathe noxious indoor air polluted by consumer products.

A budget limited to $35.6 million and 513 employees will affect not only the agency's ability to respond to hazards quickly and successfully, but will also impact the safety of consumer products and ultimately result in needless consumer injuries and deaths. This request is inadequate for the following reasons.

1) No Hazard Contract Funds

The lack of hazard contract funds is, in our estimation, the most egregious result of OMB's hacksaw. Hazard contract funds provide "testing and analytical support in highly technical areas when the Commission lacks the in-house capability to provide it." 3/ According to CPSC staff the lack of hazard contract funds "significantly detracts from the Commission's capacity to address hazardous products in a timely authoritative manner." 4/ Without the ability to seek outside assistance from those with needed expertise, projects are delayed a year or more or terminated entirely. The lack of hazard contract funds also means that no priority project outlined in the agency's budget is fully funded. As a result, CPSC in the past year has abandoned the use of the word "priority." It is a sorry commentary when an agency charged with the safety of some 15,000 consumer products does not have enough funds to call even one of its projects a "priority." CPSC must be given hazard contract funds each year in order to assure that hazard reduction programs proceed in a timely fashion.

2) Issues Not Addressed

A lack of money translates directly into a reduction in the number of product hazards that CPSC can address. For example, an examination of the Commission's 1991 plans to address fire hazards highlights the extremely deleterious effects of OMB's penurious budget reductions.

According to CPSC: "Fire is the second leading cause of accidental death in the home, and is the leading cause of accidental home deaths among children less than five years old. An estimated 4,660 fatalities were related to home fires in 1987, approximately eighty percent of all fire deaths in the U.S." 5/ Despite these statistics, CPSC plans only two fire hazard projects for FY 1991: cigarette lighters and heat tapes. A

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3 CPSC 1991 Budget Request, January 1990, 26.

4 1991 Preliminary Budget Request, July 1989, 29.

5 CPSC 1991 Budget Request, January 1990, 27.

project on nightwear flammability has been virtually eliminated by the Commission's recent vote not to pursue either of the labeling options discussed in the budget. 6/ To meet OMB's requested 1991 reduction, CPSC deleted its earlier 1991 budget projects addressing fire and burn hazards associated with upholstered furniture, fireworks, kerosene heaters, and kitchen ranges.

3) Delays Because of Budget Restraints

With successive budgets providing limited resources, CPSC has fallen way behind what it should have been reasonably accomplishing in reducing product hazards. Projects underway have been delayed and new projects have not been initiated. A petition, filed by CFA and others in July 1989, requesting mandatory labeling, to warn consumers of the suffocation risk to infants who are placed on waterbeds, is not scheduled to be addressed in 1990 or 1991. If the Commission votes to grant this petition resources will have to be taken from other projects. Another petition filed by CFA in November 1988 on hazardous crib toys, that have strangled and killed at least 30 infants, will finally be addressed (if the Commission votes to grant the petition) in FY 1991. According to CPSC, "projects on fires caused by electric fans, bicycle-related deaths and injuries, and head entrapment of children on beds and similar structures have been delayed and eventually dropped due to declining resources. Many other projects, such as appliance fires, Poison Prevention Packaging Act revisions, and lawn mower accidents have been delayed for a year or longer, again resulting in unnecessary deaths, injuries, and millions of dollars in casualty losses." 7/

4) Effects on Compliance and Enforcement

The 1991 CPSC budget contains reductions in both personnel (FTEs) and funds allocated for compliance and enforcement actions by CPSC. These decreases occur despite the agency's admission that "it has been years since nationwide compliance with certain CPSC regulations has been assessed." 8/ CFA is particularly concerned about the reduced funding for ATV monitoring. In the past, CPSC has entered into contracts with state and local agencies to assist the Commission in monitoring the compliance with the consent decree entered into with the ATV manufacturers. These contract funds were eliminated in FY 1990. The staff proposed that $116,000 of contract funds be restored for ATV monitoring in 1991--a logical request given the agency's recent finding that ATV distributors are still willing to sell adult-size ATVs to children in violation of the intent of the consent

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6 Id. 28

7 CPSC letter to Richard G. Darman, OMB, September 1, 1989.

8 CPSC 1991 Budget Request, January 1990, 39.

decree. Those additional funds were eliminated as a result of OMB's reduced request for CPSC.

The 1991 budget is also terribly deficient in providing for the necessary funds to evaluate compliance with voluntary standards formally or informally deferred to by the agency. In FY '91 CPSC will monitor only one standard, although the staff had recommended that the agency monitor six voluntary standards. The Commission has deferred to these standards in at least 14 cases. Because these standards are deferred to in lieu of mandatory requirements, it is critical that CPSC monitor voluntary standards compliance to assure that consumers receive the promised protection afforded by the voluntary standards.

5) Hazard Identification and Analysis

Collecting data about product hazards, including how, when where and why consumer deaths and injuries occur, is a critical function of CPSC. Central to the CPSC data collection efforts is the National Electronic Injury Surveillance System (NEISS). In 1978 a plan for redesign of the NEISS system identified an optimal sample size of 130 hospitals. However, budget reductions over the past several years have caused the NEISS hospital sample size to fall to 65 (in 1990). The FY'91 budget includes an expansion to 92 hospitals, leaving the agency still 38 hospitals shy of a level that would lead to greater precision in predicting national estimates of consumer injury. Requests for staff and contract funds to support the collection of data from Environmental Health Clinics on chonic chemical illness caused by exposure to consumer products and the collection of poisoning data were eliminated. A very important project on Hazard Screening (requiring 0.5 FTEs and $100,000 in contract funds) is also not funded in the 1991 budget. This project would have allowed the agency to sort, process and initially screen data for major trends. This information would give CPSC an early snapshot of emerging consumer product hazards, which could then be used in the initial analyses of prospective hazard projects--enabling CPSC to address hazards much sooner.

6) Information and Education

Disseminating information to the public about consumer product hazards, including recalled and other dangerous products, is another important CPSC mission. While the the Commission's ability to exercise its regulatory powers is more important, information efforts must receive budgetary support. The agency's methods of alerting the public to recalled products are extremely inadequate. In addition, the extensive analysis and recommendations prepared as part of CPSC's Hazard Assessment and Reduction programs often are wasted because there are insufficient consumer information funds. For example, a project on public playground equipment will produce a very worthwhile handbook (based on an analysis of recent injury data) making specific recommendations for decreasing the estimated 200,000 playground injuries each year. Because of a lack of hazard contract funding this handbook will be printed in a very limited quantity, and hence, distribution will suffer. The knowledge and steps to prevent accidents will instead sit on government shelves instead of receiving widespread distribution and adoption.

7) Equipment and Supplies

Without proper equipment and supplies to perform their duties, CPSC staff become further hamstrung in their attempts to protect the American public. The CPSC 1991 budget contains no funds for any CPSC equipment purchase and no funds are allocated for further implementation of the agency's office automation system. Instead CPSC must rely on equipment "hand-me-downs" cast off from other agencies which are often ill-suited for the tasks needed to be performed by CPSC. The complete lack of equipment or the use of broken or faulty hand-me-down equipment should not be the Commission's excuse for delayed consumer testing to assure safer consumer products.

In summary, CFA believes that Congress must step in and exercise its right to determine how effective our government can be in preventing consumer product deaths and injuries. By establishing the Consumer Product Safety Commission you indicated your support for government's role in product safety. Now it is critical that you let OMB know that you meant CPSC to be a strong protector of consumers and not the deceptive shell of a consumer agency it has become. With a budget of $50 million CPSC will have the resources to shore up its data collection efforts, broaden its enforcement review, begin and continue important hazard reduction programs and disseminate needed safety information. The additional $14.4 million above the Administration's request works out to approximately six cents per consumer, hardly an onerous burden. And yet the potential savings in terms of reduced deaths, injuries and property damage that could result from such a small investment in CPSC would be enormous. CFA urges that the Subcommittee exercise its support for injury reduction and control and its commitment to reinvigorating CPSC by allocating $50 million for Fiscal Year 1991.

Tuesday, May 1, 1990.

CONSUMER PRODUCT SAFETY COMMISSION

WITNESS

PAMELA GILBERT, PUBLIC CITIZEN'S CONGRESS WATCH

Mr. **Traxler**. Pamela, please, Public Citizen's Congress Watch.

Ms. **Gilbert**. I am Pamela Gilbert. I am a Legislative Director of Public Citizen's Congress Watch.

Public Citizen's is a nonprofit membership organization representing over 50,000 members across the country. I would very much appreciate the opportunity to appear here today to express our support for a funding level of $50 million for the Consumer Product Safety Commission for fiscal year 1991.

If a disease were killing our children in the same proportions that accidents are, people would be outraged and demand that this killer be stopped.

Those are the words of Dr. C. Everett Koop when he was U.S. Surgeon. If you look at the facts, you will understand the reasons for his sense of urgency.

Injuries are the number one killer of children. Injury is the leading case of death from birth to age 44, and it's the fourth leading cause of death overall.

Injury is also the most expensive health problem in the U.S. today, costing an estimated $75 to $100 billion dollars each year. Yet the CPSC, an agency established to respond to this number one health problem, by protecting the public from the unreasonable risk of injury due to dangerous products, is under attack.

Since its first year of operation in 1974, the agency has seen its budget slashed by more than one-half, and its staff reduced by more than one-quarter.

Now the kinder and gentler Administration of President Bush has proposed a CPSC budget for the next fiscal year that will not even keep pace with inflation.

According to the agency, the President's proposal represents a funding level of $1.7 million less than their current services requirement. American consumers simply cannot afford the continued gutting of this critical consumer protection body.

In 1981, the Reagan Administration proposed eliminating the CPSC. As David Stockman, then the Director of the OMB explained at the time. Abolishing the agency was not to reduce the federal deficit. CPSC was part of a larger effort to use consumer protection "in order to seize power in our society."

Fortunately, support for consumer protection in Congress and among the American people was strong enough to overcome this misguided perception and preserve the agency.

But unfortunately, this preservation came at a high cost. During the next eight years, the agency's budget and personnel were drastically cut. It's statutory authority was weakened, and a chairman was named who was not committed to the product safety mission of the agency.

The direct result of the erosion of commitment and resources to consumer protection was tragedy, pain and suffering for thousands of Americans.

If you look at the death and injury rate from all terrain vehicles alone, you have tens of thousands every year, 40 percent occurring to children under 16.

The CPSC has known about these hazards since 1985, but today has not adequately taken action to prevent these unnecessary tragedies.

We believe that the time has come to revive this troubled agency. There is a new chairwoman at the agency, and although we have had some differences of opinion with her, she's proving to be seriously interested in putting the CPSC back in the business of consumer protection.

Also, legislation to reauthorize and strengthen the agency has already passed the Senate, and it enjoys bipartisan support in the House.

We believe that there will be a reauthorization bill on President Bush's desk by the end of the year, but without adequate funding, this promise of a revitalized CPSC will be stopped in its tracks.

The CPSC is drastically underfunded at its current budget and yet despite an anticipated increase in work load, the agency's proposed budget for 1991 represents a decrease in real dollars.

The Commission simply cannot fulfill its mandate to protect public health and safety in such a meager budget. Sadly, the result will be more preventable death, injury, heartache and cost for too many American families.

We believe that the CPSC budget must be increased. American consumers have confidence in the safety of the marketplace. They believe that the government would not allow unreasonable dangerous products to be on the market.

Unfortunately, nothing could be further from the truth. In reality, for the past decade, the agency responsible for preventing death and injury from hazardous household products has itself been at death's door due to budget cuts, a lack of leadership, and a weakened statutory authority.

We believe these last two ailments are on their way to being cured. But the Commission continues to be crippled by inadequate resources.

For the sake of the health and welfare of consumers and their children, the CPSC must be put back on its feet. We strongly urge you to support a budget of $50 million for this critical consumer protection agency for fiscal year 1991.

This amount is roughly equivalent to running the Pentagon for an hour and half. It's also only a $5 million above what its budget would have been if it had kept pace with inflation since 1985. We believe our children and the American public are worthy.

Thank you.

[The statement of Ms. Gilbert follows:]

PUBLIC CITIZEN

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Statement of

Pamela Gilbert
Legislative Director
Public Citizen's Congress Watch

on

FISCAL YEAR 1991 APPROPRIATIONS FOR THE

CONSUMER PRODUCT SAFETY COMMISSION

before the

Subcommittee on VA, HUD, and Independent Agencies
of the
Committee on Appropriations

May 1, 1990

215 Pennsylvania Ave. SE □ Washington, DC 20003 □ (202) 546-4996

Mr. Chairman and members of the subcommittee, I am Pamela Gilbert, legislative director of Public Citizen's Congress Watch. Public Citizen is a nonprofit membership organization representing over 50,000 members nationwide. Public Citizen represents consumer interests through lobbying, litigation, research and publications. Since its founding by Ralph Nader in 1971, Public Citizen has fought for safe products, for a healthy environment and workplace, for clean and safe energy sources, for consumer rights in the marketplace and for corporate and government accountability. I appreciate this opportunity to appear today to express our support for increased funding for the Consumer Product Safety Commission (CPSC).

THE CPSC'S VITAL MISSION

"If a disease were killing our children in the same proportions that accidents are, people would be outraged and demand that this killer be stopped." So said Dr. C. Everett Koop while he was U.S. Surgeon General. A look at the facts explains the reason for his sense of urgency.

Injuries are the number one killer of children. In fact, injury is the leading cause of death from birth to age 44, and it is the fourth leading cause of death overall. Injury is also the most expensive health problem in the U.S. today, costing an estimated $75 to $100 billion each year.

Yet, the Consumer Product Safety Commission (CPSC) -- an agency established to respond to this number one health problem by protecting the public from the unreasonable risk of injury due to dangerous products -- is under attack. Since its first year of operation in 1974, the CPSC has seen its budget slashed by more than one-half and its staff reduced by more than one-quarter.

Now, the "kinder, gentler" administration of President Bush has proposed a CPSC budget for the next fiscal year that will not even keep pace with inflation. According to the agency, the President's proposal represents a funding level $1.7 million less than the current services requirement. American consumers simply can not afford the continued gutting of this critical consumer protection body.

In the past, the CPSC has proved to be one of the most cost-effective government agencies. Despite its small size, it has been instrumental in saving hundreds of lives and preventing thousands of injuries from hazardous consumer products, such as flammable children's clothing and non-child-proof household poisons. However, during the 1980's, the agency was forced into a regulatory coma, from which it is still struggling to recover.

THE REAGAN YEARS

In 1981, the Reagan Administration proposed eliminating the CPSC. As David Stockman, then the Director of the Office of Management and Budget, explained at the time, the purpose of abolishing the agency was not to reduce the federal deficit. Rather, Stockman believed that the creation of the CPSC was part of a larger effort to use consumer protection "in order to seize power in our society."

Fortunately, support for consumer protection in Congress and among the American people was strong enough to overcome this misguided perception and preserve the agency. Unfortunately, preservation came at a high cost. During the course of the next eight years, the agency's budget and personnel were drastically cut, its statutory authority was weakened, and a Chairman was named who was not committed to the product safety mission of the agency.

The direct result of the erosion of commitment and resources to consumer product safety was tragedy, pain and suffering for thousands of Americans. The death and injury rate from all-terrain vehicles alone amounts to hundreds of thousands every year, 40 percent to children under 16. The CPSC has known about the unreasonable hazards associated with these killer vehicles since 1985, but to date, the commission has not taken adequate action to prevent such unnecessary tragedies.

Ironically, because of the CPSC's poor track record in recent years, the Congress has been reluctant to support an increase in the agency's budget. Many members of Congress, who traditionally champion the rights of consumers, have not been willing to invest scarce resources in an agency that has failed to meet its consumer protection mandate for so long.

We believe the time has come to revive this troubled department. The agency has a new Chairwoman, and although we have had some differences of opinion with her, she is proving to be seriously interested in putting the CPSC back in the business of consumer product regulation. Furthermore, legislation to reauthorize and strengthen the commission has already passed the Senate, and it enjoys bipartisan support in the House of Representatives. We are confident that reauthorization legislation will reach President Bush's desk by the end of this year. However, without adequate funding, this promise of a revitalized CPSC will be stopped dead in its tracks.

CPSC CONSUMER PROTECTION ACTIVITIES

The CPSC is currently working on five hazard projects that are critically important to the protection of the public, particularly children. These projects are designed to reduce the toll of death and injury from non-child-proof cigarette lighters, unsafe playgrounds, dangerous swimming and diving facilities, lead in paint mixtures and indoor air pollution. The successful and early completion of these projects alone could prevent hundreds of deaths and thousands of injuries to young children.

For example, each year approximately 300 children under age 5 drown in residential swimming pools and an estimated 4200 become near-drowning victims. Playground accidents cause another 185,000 emergency-room treated injuries to children under 15 each year. Over 40 percent of these injuries involve pre-school children. And every year, an estimated 150 children under five die in fires caused by cigarette lighters.

According to the CPSC, these projects will need continued funding in 1991. In addition, the commission plans to increase its workload with projects to address fires caused by electric heat tapes, the strangulation hazards of crib toys, and the high annual toll of deaths and injuries due to bicycle accidents. In 1991, the commission will also be engaged in ongoing activities related to all-terrain vehicles, hazard labeling of art materials and choking hazards of toys with small parts.

The CPSC is drastically underfunded at its current budget. And yet, despite an anticipated increase in workload, the agency's proposed budget for 1991 represents a decrease in real dollars. The commission simply can not fulfill its mandate to protect public health and safety on such a meager budget. Sadly, the result will be more preventable death, injury, heartache and cost for too many American families.

THE CPCS'S BUDGET MUST BE INCREASED

American consumers have confidence in the safety of the marketplace. They believe that the government would not allow unreasonably dangerous to remain on the market. Unfortunately, nothing could be further from the truth.

In reality, for the past decade, the agency responsible for preventing death and injury from hazardous household products has itself been at death's door due to budget cuts, a lack of leadership and weakened statutory authority. We believe these last two ailments are on their way to being cured. However, the commission continues to be crippled by inadequate resources.

For the sake of the health and welfare of consumers and their children, the CPSC must be put back on its feet. We strongly urge you to support a budget of $50 million for this critical consumer protection agency. This amount is roughly equivalent to running the Pentagon for one and one-half hours -- surely our children are worth it.

Thank you.

TUESDAY, MAY 1, 1990.

CONSUMER PRODUCT SAFETY COMMISSION

WITNESS

LUCINDA SIKES, U.S. PUBLIC INTEREST RESEARCH GROUP

Mr. **TRAXLER.** Lucinda, excuse me.

Ms. **SIKES.** I appreciate this opportunity to express our support for the CPSC budget. Americans expect that the products they buy are safe for their intended use.

While the current Commission seems to have the commitment to fill this consumer expectation, the agency simply cannot carry out this responsibility without adequate funding.

Mary Ellen and Pamela have given you an overview of the Commission's need for an increased budget. My testimony will focus on just two of the many hazardous products that the CPSC must address in 1991.

All terrain vehicles, or ATVs, and toxic art supplies. We are particularly concerned that the 1991 budget request significantly reduces funds for the ATV monitoring project.

Our recent study, as well as the most recent death and injury statistics from the CPSC indicates that the 1988 ATV consent decree has been completely ineffective in preventing deaths and injuries caused by ATVs, particularly to children.

The CPSC should increase efforts to end the needless ATV-related deaths and injuries, not reduce the funds to monitor industrial compliance.

One of the primary goals of the consent decree is to end the deaths and injuries suffered by children every year due to accidents on ATVs.

Since children under the age of 16 cannot safely operate an adult sized ATV, the consent decree was signed to keep children off of these machines. But the consent decree is not working. PIRGS across the country surveyed ATV dealers to see if they would be wiling to sell an adult sized ATV for use by a child. Tragically, a majority of the dealers, 54 percent, were willing to do just that.

A CPSC study released about a month after our study came to a similar conclusion. Since 1982, ATV crashes have killed at least 1,477 people and injured 450,000 others. Forty percent of all the victims were under 16.

There has been no significant reduction in ATV-related deaths since the consent decree. ATVs continue to kill more than a hundred children each year; and while injuries have decreased, children continue to be victims in 40 percent of the ATV-related accidents.

The CPSC must take more definitive action to protect children from being maimed or killed by these dangerous vehicles.

The CPSC is currently seeking the termination of the franchises of 13 ATV dealers who are willing to sell adult sized ATVs to children. This is a positive forward step, but this is not the time to reduce funding for the ATV project.

1991 is the year when the CPSC can seek stronger remedies under the consent decree. That is why 1991 is the year when the ATV budget should be increased, not decreased.

The PIRGS have also been concerned about the hazards posed by many commonly used art and craft products that contain substances known to cause cancer and other chronic illnesses. PIRGS studies conducted in 1983 through 1987 found that children who are at high risk from exposure to hazardous substances were routinely using art materials that contained toxic materials in school.

Congress responded to this problem by unanimously passing a law in 1988 that requires labeling of chronically hazardous art and craft materials.

The deadline for the implementation of the labeling law is just seven months away, but the Commission has yet to propose any criteria for a formal public comment.

A delay in implementation and enforcement of this law will mean that consumers, parents and teachers will still not be able to tell whether a product with a label that lists no chronic hazards is safe, or whether it contains substances that present serious long-term hazards.

Moreover, responsible manufacturers who already label chronically hazardous products will continue to be penalized by having to compete with those who are not properly labeling their materials.

We are hopeful that the Commission will be able to begin enforcing the labeling law this November, and will work with the agency to see that the law is enforced.

But without the financial resources, the Commission will be hard pressed to carry out this congressional mandate to improve the health and safety of children, artists and hobbyists.

This subcommittee can play the leading role in improving consumer health and safety by supporting a $50 million annual budget for the CPSC.

This is a small investment to save hundreds of lives and prevent thousands of injuries from unsafe products.

Thank you.

Mr. TRAXLER. Well, thank you.

[The statement of Ms. Sikes follows:]

U.S. Public Interest Research Group
National Association of State PIRGs

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Statement of

Lucinda Sikes
Staff Attorney
U.S. Public Interest Research Group

on

FISCAL YEAR 1991 APPROPRIATION FOR THE CONSUMER PRODUCT SAFETY COMMISSION

Before the

Subcommittee on VA, HUD and Independent Agencies
of the
Committee on Appropriations

U.S. House of Representatives

May 1, 1990

OFFSET
CAMERA COPY

U.S. PIRG 215 Pennsylvania Avenue, S.E. Washington, D.C. 20003 (202) 546-9707

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Mr. Chairman and members of the subcommittee, I am Lucinda Sikes, a staff attorney for the U.S. Public Interest Research Group (U.S. PIRG). U.S. PIRG is the national lobbying office for state PIRGs around the country. PIRGs are nonprofit, nonpartisan consumer and environmental advocacy organizations. I appreciate this opportunity to express our support for increased funding for the Consumer Product Safety Commission (CPSC).

The PIRGs have long been active on the state and federal levels in issues relating to product safety. Over the last five years, U.S. PIRG has paid particular attention to the erosion of consumer protection at the CPSC, and we have been actively involved in efforts to reauthorize and strengthen this small, but vital, agency.

The CPSC is responsible for overseeing the safety of about 15,000 consumer products distributed by more than one million companies and associated with approximately 28,000 deaths and 36 million injuries each year. Sadly for millions of injured consumers, over the past decade the Commission has lacked both the commitment and resources to adequately protect the public from unnecessary product hazards.

This year, however, a combination of events are working to put the CPSC back on the track of protecting public safety. First, a new chairwoman Jacqueline Jones-Smith now heads the agency and the Commission is able to once again transact business after nearly one year without a quorum. Second, reauthorization legislation to strengthen the agency has passed the Senate and is pending in the House Energy and Commerce Committee. Despite these positive developments, however, the Commission will be unable to carry out its mission to protect consumer health and safety unless Congress provides the agency with increased funding.

Since 1981, the CPSC's budget had been slashed by about one-third and its staff has been reduced by almost one-half. Adjusting for inflation, the agency's budget is less than one-half of what it was in 1974, its first year of operation, despite an increase in both the population and the number of products in the American marketplace. The current funding request of $35.6 million -- a funding level $1.7 million below the current services requirement -- is yet another crippling blow to product safety and is simply unacceptable.

Americans expect that the products they buy are safe for their intended use. While there is evidence that the current Commission may have the commitment to fulfill consumer expectation for product safety, the agency simply cannot carry out this responsibility without adequate funding. This testimony will focus on just three of the many hazardous products that the CPSC must address in 1991: all-terrain vehicles (ATVs), toxic art supplies, and toys that pose choking hazards. The CPSC must have resources in order to effectively protect American consumers from these and other dangerous products.

The Hazards of All-Terrain Vehicles

We are particularly concerned that the 1991 budget request significantly reduces funds for the all-terrain vehicle (ATV) monitoring project. A recent PIRG study -- as well as the most recent death and injury statistics from the CPSC -- indicates that the 1988 ATV consent decree has been completely ineffective in preventing deaths and injuries caused by ATVs, particularly to children. The CPSC should increase efforts to end the needless ATV-related deaths and injuries, not reduce the funds to monitor industry and dealer compliance with the consent decree.

One of the primary goals of the 1988 consent decree between the CPSC and the ATV manufacturers is to end the deaths and injuries suffered by children every year due to accidents on ATVs. Since most health professionals and other experts agree that children under the age of 16 cannot safely operate an adult-sized ATV (one with an engine larger than 90 cc), the consent decree was designed to keep children off of these vehicles. Recent research reveals, however, that a majority of ATV dealers are not complying with the consent decree.

PIRGs across the country surveyed 215 ATV dealers to see if they would be willing to sell an adult-sized ATV for use by a child. Tragically, a majority of the dealers -- 54 percent -- were willing to do just that. A CPSC study of 227 dealers, released about a month after our study, came to a similar conclusion: 56 percent of dealers were willing to sell adult-sized ATVs for use by a 13 year old. At best, these surveys mean that a majority of ATV dealers are sending a mixed signal about the hazards these vehicles pose for children. At worst, due to some ATV dealers' irresponsible behavior, thousands more children will be maimed and killed in ATV accidents.

Since 1982, ATV crashes have killed at least 1477 people and injured 450,000 others; 40% of all victims were under 16. There has been no significant reduction in ATV-related deaths since the consent decree. **ATVs continue to kill more than 100 children each year.** And while injuries have decreased, **children continue to be victims in 40 percent of the ATV-related accidents.** The CPSC must take more definitive action to protect children from being maimed or killed by these dangerous vehicles.

The CPSC is currently seeking the termination of the franchises of 13 ATV dealers who were willing to sell adult-sized ATVs to children. This is a positive first step, but the CPSC must step up these efforts, not reduce them as the budget request suggests.

In addition to driver age, driver inexperience is one of the most significant high risk factors in all ATV accidents. In fact, drivers with less than one month of experience are 13 times more likely to be killed or injured in an ATV accident than are drivers with more experience.[1] This alarming statistic underscores the necessity for training.

Unfortunately, the available evidence indicates that most purchasers are not adequately informed of the availability of training and that only a small fraction of owners actually participate in the training program. For example, many of the dealers we surveyed deemphasized the need for training. Moreover, only 11 percent of ATV buyers nationwide are currently taking the driver training programs, according to a recent New York Times article.[2] The CPSC must step up its enforcement efforts with regard to the training provisions of the consent decree and take further action to ensure that all ATV riders know of the importance of training.

One death or serious injury to a young child from an ATV accident is one too many. It is clear that the consent decree between the manufacturers and the government will not be sufficient to end the needless deaths and injuries caused by ATVs.

This is not the time to reduce funding for the ATV monitoring project. Because 1991 is the year when the CPSC can seek stronger remedies under the consent decree, 1991 is the year when the ATV budget should be increased, not decreased. The consent decree allows the CPSC to proceed administratively under Section 15 of the Consumer Product Safety Act, or Section 15 of the Federal Hazardous Substances Act, "if it determines after December 31, 1990, that a further and more extensive remedy, including recall or repurchase, is warranted." We urge Congress to increase the funding for the CPSC so that the Agency can address the hazards posed by ATVs, particularly to children.

Chronic Hazard Labeling for Art and Craft Materials

According to the Commission's budget request, the Hazard Assessment and Reduction program will absorb the most significant budget reductions in 1991. The 1991 Request for this program is almost $700,000 less that the 1990 Appropriation and reduces the program's staffing by eight employees. This reduction is particularly disturbing because, aside from enforcement actions, all agency activities to reduce the unreasonable risk of injury from consumer products take place in the Hazard Assessment and Reduction Program. Implementation of a 1988 law that requires chronic hazard labeling for art supplies is just one of the 21 hazard projects that the CPSC will undertake in 1991, but it illustrates how crucial agency action is in the lives of millions of American consumers.

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[1] U.S. Consumer Product Safety Commission, Analysis of All Terrain Vehicle Related Injuries and Deaths, Sept. 1987, p. 13.

[2] "All-Terrain Vehicles: Still a Safety Hazard," New York Times, December 30, 1989.

The PIRGs have long been concerned about the hazards posed by many commonly-used art and craft products that contain substances known to cause cancer and other chronic illnesses. PIRG studies conducted in 1983-87 found that children--who are at high risk from exposure to hazardous substances--were routinely using art materials such as rubber cements, permanent markers and clays and glazes which contain toxic materials in school.

Congress responded to this problem by unanimously passing a law in 1988 that requires labeling of chronically hazardous art and craft materials. The law, the Labeling of Hazardous Art Materials Act, requires the CPSC to develop criteria for evaluating the chronic hazards of art and craft materials and to implement new regulations for art materials to be effective in November 1990.

Although the deadline for the implementation of the labeling law is just seven months away, the Commission has yet to propose any criteria for formal public comment. A delay in implementation and enforcement of this law will mean that consumers, parents and teachers will still not be able to tell whether a product with a label that lists no chronic hazards is safe, or whether it contains substances that present serious long term hazards. Moreover, responsible manufacturers who already label chronically hazardous products will continue to be penalized by having to compete with those who are not properly labeling their materials. We are hopeful that the Commission will be able to begin enforcing the labeling law this November and are committed to working with the agency to see that the law is enforced.

In addition to labeling, the law requires the Commission to develop information materials for schools and others to provide guidance in selecting appropriate art supplies. Combined with the mandatory labeling requirements, these educational materials will ensure that the nation's children are no longer exposed to hazardous chemicals in their classrooms or in their art studios. But without the financial resources, the Commission will be hard pressed to carry out the Congressional mandate to improve the health and safety of children, artists, and hobbyists who are exposed to hazardous art products every day without knowing of their potential dangers or of the proper ways to use the products to avoid those dangers.

Choking Hazards Posed by Toys with Small Parts

Despite the current CPSC safety regulations designed to protect young children from choking on small toy parts, choking incidents continue to occur. Since 1980, at least 146 children have choked to death on children's products.

The Commission recently took a positive first step in addressing choking hazards when it voted to issue an Advance Notice of Proposed Rulemaking that may result in mandatory labeling or other requirements for balloons, small balls, marbles, and toys intended for children three to six years old. Because about 70 percent of the choking deaths involved balloons, small balls, or marbles, action on these products must be taken in order to end choking deaths. Toys for children aged three to six that present choking hazards to children under three should be labeled. While many manufacturers currently place a label on a toy such as "for use by children over three," parents may regard this suggestion as pertaining to the intellectual state of the child and not realize that the toy contains dangerous small parts.

Tragically, the Commission is unable to adequately enforce even the current regulations that ban any toy intended for use by children under the age of three that poses a choking, aspiration or ingestion hazard because of small parts. Every year PIRGs and other consumer organizations find toys on the shelves that violate the current small parts standard. For example, the PIRGs released a toy safety survey this November that listed toys with dangerous small parts. Of the toys PIRG identified, the Commission confirmed small parts violations on ten toys and has asked the manufacturers and importers to recall or stop distribution of these toys.

Given the lack of CPSC resources, it is not surprising that toy-related injuries are increasing in the United States. According to CPSC data, 142,000 children were treated for toy-related injuries in 1988 as compared to 131,000 injuries in 1987. These injuries will continue to mount unless the agency charged with protecting Americans from product hazards is adequately funded.

Americans want and expect safe products. A strong and adequately funded Consumer Product Safety Commission plays a crucial role in fulfilling this expectation. This subcommittee can play a leading role in improving consumer health and safety by supporting a $50 million annual budget for this small, but vital agency. We strongly urge you to support a $50 million budget for the CPSC. This is a small investment to save hundreds of lives and prevent thousands of injuries from unsafe products.

Thank you.

Mr. **Traxler**. In reviewing the hearings this year, we note that the chairman said in response to a question by Mr. Stokes that when he asked whether you can carry out your mission, your responsibilities with the 35.69, her response was, we can currently fulfill all obligations that are currently contained in this budget.

And she goes on to say, the question becomes, I think, are there other things that we think we would be doing, and are there other things that I think we should be doing.

And if there were more resources, I think the answer is yes. I think that is bureaucratese for: "Give us more money."

Am I translating that correctly, you think?

Ms. **Fise**. Yes.

Mr. **Traxler**. Now, you know, whatever we do here above the OMB mark is subject to their implementation, and we can tell you from our experience with EPA that those bodies are slow, if ever, in coming when we increase the appropriation.

So kindly beware of the power and the influence of OMB, and even though it might be the decision of this subcommittee, depending on our 302B allocation, we get that in with every witness. Did you notice that?

Ms. **Fise**. Yes.

Mr. **Traxler**. And if we were able to do this, and if it were approved by the Senate, and if it becomes law, the fact of the matter is that OMB holds immense authority still in authorizing the slots for those bodies to fill.

So then I guess the responsibility shifts over to the agency to go over and do what is right at OMB.

Ms. **Gilbert**. One thing that they use the money for that has been defunded over the years are outside hazard contracts. These are projects that are not done by the staff at the agency but are given out to outside professionals to analyze and assess hazards.

These contracts are very important to the work that the CPSC does, and correct me if I'm wrong, that it was zero funded for 1990.

They had to cut every single one of their hazard contracts out. So, for example, if we restored some funding to the agency, they could restore at least those hazard contracts, and then maybe do even more of that kind of work.

Mr. **Traxler**. My recollection is that we added slightly over a million dollars for hazards research, but that got raided to pay salaries because they were so underfunded in their salaries. So I am not sure how much is going to go out of contracts.

Ms. **Fise**. I think they got a little bit. I think it was the Senate that added some, you added some, and then after the drug reductions in OMB, it came down.

There is a little bit in 1990, but again, they have given you a budget with zero hazard contracts.

Mr. **Traxler**. Now, their request of OMB was slightly above 40 million.

Ms. **Fise**. That wasn't the request. Remember, at the time, they did not have a quorum, and so that was a staff and developed request which was endorsed by—there were only two commissioners at the time, endorsed by one of the commissioners.

And so they made that request for 40.3 million. Then when the new chairman was appointed, then the Commission had to vote on a budget. And that is when they came back with the other figure.

Mr. **Traxler**. It was after they got told by OMB they were going to get 35 millions?

Ms. **Fise**. I don't know the sequence, but that makes sense.

Mr. **Traxler**. Well, Mr. Green?

Mr. **Green**. Ms. Fise, you mentioned that one of the things they had to drop out was fire and burn hazards associated with upholstered furniture.

Hadn't that subject been pretty much canvassed over a several year period when they were dealing with the question of fires caused by cigarettes?

Ms. **Fise**. That was dealt with several years ago. They began to deal with it, and a voluntary program was put into effect by the upholstery manufacturers. At that time, the upholstery manufacturers, I believe, if my recollection serves me correct, they came back and said 80 percent of our industry will comply with this.

And what preliminary estimates have looked at, the staff believes how that probably only about 60, 65 percent are conforming, and also, it was only certain aspects. It was the upholstery. They were very flammable. They dealt with that problem, but there were other things they wanted to look at which never got funding.

And they believe compliance with the voluntary program is not adequate.

Mr. **Green**. This would be partly enforced. Thank you, Mr. Chairman.

Mr. **Traxler**. We want to extend our appreciation to you, and this is an agency that sort of dropped from—excuse, Mr. Atkins.

You have been awfully quiet down there. I didn't notice you.

Mr. **Atkins**. Uncharacteristically so.

No questions, Mr. Chairman.

Mr. **Traxler**. Well, please interrupt at any point.

I appreciate your coming in. It's an agency that sort of dropped from view for several years, and we appreciate your coming over on its behalf, raising its visibility.

Ms. **Gilbert**. We really think, and we would like to leave you with this thought, that it has dropped from sight for many reasons, but we do believe that it can be on its way back.

We finally have a quorum. We have a leader of the Commission far superior, far more committed than the previous chairman to the mission of the agency, but without money, it cannot get back on its feet.

It cannot do its job, and we think there is a very able and willing staff there. And they are crying for the resources.

Mr. **Traxler**. Well, we just told the chairman, in our judgment, she is violating congressional intent. How about that?

Ms. **Fise**. Good for you.

Mr. **Traxler**. And we don't want her taking the entire reduction of 553,000 from hazard contracts.

We don't want them taking hazard contracts money to fund other activities not specified in the conference report. Basically they intend to spend $122,000 on the National Electronic Injury Surveillance System, and we are not opposed to that system, but we don't want her using funds that we have directed her to spend in one area and putting them in an area that we haven't told her to do that in.

So in any event, that is typical kinds of jurisdictional issues that arise between the committee and an agency.

I think the key here is that you are doing good work, and you have got a good cause, and all we need to do now is get the money.

I might say, I think it's very difficult for us to go up to the 50 million for a number of reasons. First, it's a question of funding. Secondly is that we don't have anything in our record—I mean we can justify 40-plus million based on their original request.

It gets kind of tough.

Ms. **Fise**. Well, I think that it's implicit in their budget when they say that, for example, they haven't monitored laws that are already in effect, and that they have an eight-year program to get through that.

When they say that they only are going to monitor one voluntary center, there are a lot of things that I think are implicit, the nicest of revitalizing that back to the level that was recommended back in 1978.

I don't think that you are ever going to get a new chairman who has been on the job for a month or two to come in and ask for the kind of money that we have asked for and to state it, chapter and verse how it would be spent.

Mr. **Traxler**. Well, of course that is what the whole appropriation process is about. We do need to know how they intend to spend it.

Ms. **Fise**. Sure.

Mr. **Traxler**. None of us would want to be embarrassed.

Ms. **Fise**. Also, we deal with the statistics that since 1985, if the agency's budget had it just kept pace with inflation, would be at $45 million, and they would be budgeted for $45 million in 1990. I think we would say that in 1985 they were underfunded.

Mr. **Traxler**. Two thoughts. The agency was kept alive by the Congress, this subcommittee.

Secondly, don't forget to carry our good message to our counterparts on the Senate side.

Ms. **Fise**. We will.

Mr. **Traxler**. Mr. Stokes chaired the hearings for CPSC, and you may have a question.

Mr. **Stokes**. No, Mr. Chairman. I appreciate the opportunity, but at this time, I don't.

Mr. **Traxler**. And I want you to know I read the record. You were profound.

Mr. **Stokes**. I don't know about that, but thank you.

Mr. **Traxler**. Take care.

[Additional written testimony on the CPSC follows:]

THE DANNY FOUNDATION
a non-profit corporation advocating
BABY CRIB SAFETY

TESTIMONY OF JOHN J. WALSH
EXECUTIVE DIRECTOR OF THE DANNY FOUNDATION BEFORE
APPROPRIATIONS SUBCOMMITTEE
VA, HUD AND INDEPENDENT AGENCIES

Danny Lineweaver, was born August 1, 1982, and he was a healthy, active child. Just before his second birthday, Rose Lineweaver, Danny's mother, placed Danny in his crib for his daily nap. She left him in his crib, went to her room, and turned on the intercom monitor. A few minutes later, when Rose checked on him, Danny was hanging by his neck outside the crib from the crib's corner post extension.

Danny apparently had attempted to climb out of his crib, caught the shoulder strap of his shirt on one of the 2" decorative corner post extensions, and was strangled. Danny was revived but is still in a semi-comatose condition, with permanent, severe brain damage, even though he continues to grow normally, and is physically healthy. He receives 24-hour live-in care, which will be required for the rest of his life, estimated by medical specialists to be as much as 45 years.

After the Lineweavers investigated this bizarre tragedy, they were shocked and angered to find that since 1973, when the CPSC began keeping records over 30 other infants had died as a result of becoming entangled and hanged, just like Danny, on their crib corner post extensions, called finials. The crib manufacturers and the United States Consumer Product Safety Commission had known about the dangers posed by these finials since at least 1978. Nevertheless, finials were still being featured on cribs manufactured in the U.S. in 1984 when the Lineweavers bought Danny's crib new at a leading department store.

It took nearly a year after Danny's accident before the first CPSC safety alert was issued. To this date, the manufacturers still have not taken any steps to recall any of the cribs with finials which they know to be dangerous. The CPSC's own estimates indicate that there may be as many as 12 million cribs still in use or in storage that feature dangerously extended corner post finials. Since a well manufactured wooden crib has a 20 year useful life it is absolutely irrefutable that many more infants will die this way because of cribs manufactured before 1985.

The Lineweavers filed a lawsuit against the manufacturer and retailer of Danny's crib, and it was settled, providing an annuity for Danny's care and, at the insistence of his family, also providing seed money to form an organization to address the problems of used cribs and crib manufacturing, which is called The Danny Foundation.

OFFSET
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3160-F Danville Blvd. PO Box 680 Alamo, California 94507 1-800-83 DANNY

In August of 1989, The Danny Foundation petitioned the CPSC for a mandatory rule-making against corner post extensions of any size. The second part of the petition called for a recall of cribs with corner post extensions, and an educational campaign to alert the public regarding this danger. We have been informed by the CPSC that the petition for rule-making was placed on a docket and that our request for a recall and educational campaign was referred to the compliance section of the CPSC. We have received further word that a final decision on the mandatory rule against corner post extensions will be reached in September of 1990. As of this date, we have not heard definite word regarding a recall and educational campaign regarding used cribs with dangerous corner post extensions.

The Danny Foundation's contention is that we have a serious life threatening problem here that is solvable. There is no question that children continue to die every year from dangerous cribs with corner post extensions. As a matter of fact, the attached data will indicate an increase in the number of deaths from corner post entanglement in 1988. A recent survey conducted in Martinez, California, by The Danny Foundation indicates that when people know of corner post extensions, they will not use such a crib. A thorough educational campaign on the part of the CPSC and the crib industry will be effective. Warnings should be sent to every pediatrician/obstetrician, lamaze instructor, birthing center, hospital, as well as to all thrift stores, i.e. Salvation Army, St. Vincent De Paul, etc. A direct mail program to every household in this country is also necessary to produce the desired results. Public Service Announcements distributed through TV, radio, and newspapers will reach millions more.

Right now, the CPSC is in no position to implement this project. CPSC is understaffed and underfunded. Serious petitions to the Commission often are denied in favor of a voluntary standard process that simply takes too long and costs too many lives.

The existence of the CPSC implies to consumers that their government is looking out for them. But statistics of injuries and deaths belie that implication. Over 50 children are killed every year in crib related accidents, and over 1,000 children per month are injured in crib accidents, seriously enough to require hospital treatment.

We are requesting that this appropriations subcommittee recommend a CPSC budget line item to provide for a massive crib educational campaign, and a recall of dangerous cribs with corner post extensions.

In conclusion, Danny and the entire Lineweaver Family, and The Danny Foundation urge that the CPSC be given the necessary funds to fulfill its mandate to protect the consumers of our country, by truly regulating products - and especially children's products - that are manufactured, distributed or imported in this country. We further urge, that a budget line item be provided for the necessary crib safety education and recall that is demanded by the continued deaths to children throughout this country.

TUESDAY, MAY 1, 1990.

NSF

WITNESS

DR. KAREN McNALLY, UNIVERSITY OF CALIFORNIA

Mr. **TRAXLER**. Karen McNally from the University of California. That is impressive. The Professor of Earth Sciences.

Ms. **McNALLY**. Yes.

Mr. **TRAXLER**. Where did you do your undergraduate work?

Ms. **McNALLY**. UC Berkeley.

Mr. **TRAXLER**. And where did you do your doctorate?

Ms. **McNALLY**. UC Berkeley, and I was 6½ years at the California Institute of Technology, Pasadena, California.

Mr. **TRAXLER**. Are you a native Californian?

Ms. **McNALLY**. As a matter of fact, I am.

Mr. **TRAXLER**. Amazing.

Ms. **McNALLY**. And now I am director of the Charles Richter Seismological Laboratory and Professor of Earth Sciences.

Mr. **TRAXLER**. And have you visited the Japanese Earthquake Center in Science City?

Ms. **McNALLY**. Yes, I have.

Mr. **TRAXLER**. Impressive, isn't it?

Ms. **McNALLY**. Yes.

Mr. **TRAXLER**. Wouldn't you like one of those?

Ms. **McNALLY**. Yes.

Mr. **TRAXLER**. We are going to put your whole statement in the record and we are going to listen attentively.

Ms. **McNALLY**. I am happy to be here, and I would like to comment that, that I am also here in the capacity of representing the entire University of California, some arrangement at the office of the president, and the Washington Office for Federal Governmental Relations. I am sorry that was omitted from this.

Mr. **TRAXLER**. You are here representing an entire university today?

Ms. **McNALLY**. I hope so.

Mr. **TRAXLER**. That is amazing.

Ms. **McNALLY**. I will stick pretty closely to my text, although I have a couple specifics that I would like to bring in at the end.

Mr. **TRAXLER**. Remember, we are going to put it all in the record.

Ms. **McNALLY**. All right.

Mr. **TRAXLER**. You can ad lib, if you want.

Ms. **McNALLY**. I think I will just stick with what I have presented, unless you have some preference.

Mr. **TRAXLER**. We probably have a lot of questions for you, so save us a minute at the end of your five minutes.

Ms. **McNALLY**. Certainly.

Mr. **TRAXLER**. Or we will add it to your time. We are very generous today.

Ms. **McNALLY**. Mr. Chairman and Members of the subcommittee, the recent earthquake along the San Andreas Fault in the southern Santa Cruz Mountains impressed us, as scientists and as local residents, with the urgency to accelerate research and implement earthquake preparedness measures across the United States.

The costs of large earthquakes are overwhelming and recovery is sustained and arduous, lasting for years. Earthquakes will continue to strike the U.S. and many of their consequences are no longer an "act of God," because now we know much about mitigating against their hazards. Hazards mitigation is expensive, for both government and the private sector, and sustained but steadfast commitments are needed. It is thus critical that sufficient resources be "front loaded" for accelerated efforts to begin immediately.

Success can only be achieved through a partnership of educational institutions, state government, Federal Government, and the private sector. Rather than speak about my own individual opinions, I would rather draw upon preliminary findings and an evolving consensus among a broad group of earthquake specialists regarding immediate priorities for earthquake research and preparedness activities.

A new plan for earthquake research in California, based on a workshop broadly attended by representatives of the earth sciences, earthquake engineering and public policy communities and held at the Beckman Center of the National Academy of Sciences and Engineering on January 15-16, 1990, has identified a set of research priorities to evaluate and reduce earthquake hazards statewide.

The plan recommends development and implementation of a multiyear program to address systematically these priorities. Three of the proposed activities in this plan, one from each of the three elements—hazard evaluation, hazard reduction, and technology transfer—have widespread support from the earthquake research and mitigation communities, and have been highlighted in other forums and planning documents. They are:

One, characterization of active faults in California and estimation of the probabilities that they will produce future earthquakes.

Two, improving methods for evaluating and upgrading the seismic response of potentially hazardous structures.

And three, establishing formal mechanisms for technology transfer and communication between the researchers, practitioners, and decision makers.

Characterization of active faults and estimation of the probabilities that they will produce earthquakes is important for reducing losses from earthquakes in California. Knowledge of the sources of earthquakes and their likelihood of rupture in the next few decades enables better predictions of damage and focused emergency response planning.

Perhaps I will skip the elaboration on these three points and move down to the bottom line, since you indicated that you would like to ask questions, and I assume that this written testimony will be in the record, which I hope you will read.

This example of the major goals for a program in California can serve as a model for integrating focused and basic earthquake research, and mitigation activities nationwide. A substantial augmentation to the National Science Foundation and the U.S. Geological Survey budgets for earthquake research is necessary in order to implement such programs and to leverage matching support from state and private sources.

It is well known that funding for earthquake research through the National Science Foundation and the U.S. Geological Survey has gradually decreased to the point where, when corrected for inflation, the fiscal year 1989 level was about 60 percent of the 1980 level. This decrease has been felt most severely by the university groups working on earthquake problems.

Thus in the last five years we find that reduced numbers of graduate students and new PhD's in geology or geophysics are choosing to work in this field. This portends disastrous consequences for future U.S. programs for earthquake safety.

I urge you to oppose the continuation of the $95,000 salary cap for National Science Foundation research grant recipients, and increase it to $110 million, which is now pending before the House Science Committee. Specifically that is $37 million for the National Science Foundation, $22 million for FEMA, $50 million for the USGS, and $1 million for NIST. It is urgent that this matter receives your immediate attention. Please remember that the earthquakes will not wait.

I would like to add only two comments to that. One is that unlike other academic pursuits, we do not have the luxury of postponing this work to be conducted at any time. It is only limited by the funding. But the earthquakes really will not wait. Maybe it sounds corny to you, but it is true, and living through them really impresses us with that. We must begin immediately, and that implies a front loading of funds.

The second point is that we are in a time period of increased earthquake activity clearly in California, and a belief that it is extremely important to work in other areas of the United States. I am not just mentioning California. I think nationwide this is a serious problem, and I am extremely nervous when I walk down your street out here with numerous hazardous buildings.

Mr. **Traxler**. Well, you raise a number of interesting questions. As you well know, the subcommittee has jurisdiction over FEMA and the National Science Foundation, but not other portions of your request. But we are the major source of funding, of course, for your work. We appreciate that, and you do too.

Now, I noticed something the other day that I found quite interesting, and that is that the lower Midwest, or upper South, middle South, was it Tennessee or a severe earthquake-prone area had a severe quake in 1809, was it, or 8?

Ms. **McNally**. Eight, I believe.

Mr. **Traxler**. Very remarkable——

Ms. **McNally**. There have been very serious earthquakes. In fact, in the history of the United States, I believe it was in the 1600s or 1700s, the Boston area had a very large and disastrous earthquake.

Mr. **Traxler**. A lot of people would welcome that. Some of us in the Midwest suggest you sort of part both of the coastal areas off into the Atlantic and Pacific and the nation would be much better off for it.

Mr. **Atkins**. We had one in November of 1988, Mr. Chairman. A serious fall.

Mr. **Traxler**. And its tremors are still being felt. Well, that is interesting.

Ms. **McNally**. It really is a national problem, though, and there are earthquake hazards everywhere, including Ohio.

Mr. **Stokes**. That is true.

Mr. **Traxler**. When Mr. Green and I were in California, of course, we were in Santa Cruz, where were you when the quake started, by the way?

Ms. **McNally**. In Santa Cruz.

Mr. **Traxler**. I prefaced that wrong. Only if you are comfortable in answering, you know. What was going on for you that day?

Ms. **McNally**. I will tell you in general terms, and that is that my own home was safe. I took care in advance of that. That is earthquake preparedness, even though, I am also educated by earthquake preparedness, not just the research.

However, my daughter was in a very unsafe building that almost collapsed, a four-story building. A number of things were lost at a personal level, and we were absolutely inundated for approximately three to four weeks, night and day, by the need of the community to know first of all, what was the damage that had been done, which is not our area of expertise, but why did this happen?

It is like an airline disaster, is the way that it seemed. They needed to know what happened and why did this happen? Why do we have earthquakes, and fortunately the university imported pizzas for us around the clock, so by the end of three weeks we had eaten a large number of pizzas, because we couldn't even leave the laboratories. That is how acute the concerns were.

And so that is how I spent my time.

Mr. **Traxler**. How is your laboratory equipped? Do you find it adequate? Do you have enough facilities?

Ms. **McNally**. At the University of California, Santa Cruz, we have rather modern computer capabilities. Also we operate a few seismographs, we work in cooperation with the other institutions statewide which are larger than our own, and international efforts of data exchange and research. We have about 25 to 35 researchers and graduate students in earthquake areas.

Mr. **Traxler**. Well, your emergency response, from what we could ascertain, was just superb. Of course, that doesn't go to mitigation, doesn't go to the kinds of research that you are doing in the education aspects of this, but it was something very significant. I think California deserved to be patted on the back, if nothing else, for that point alone.

Mr. Green?

Mr. **Green**. Your testimony was obviously rather California-oriented, so I was pleased at the end when you did mention the fact that the rest of the country has to worry about it too. Our state university campus in Buffalo has a major research center, which NSF has supported. So I appreciate your concern for the rest of us, I think it is a very serious national problem.

I gather that there is a lot of good research at this point in terms of what goes into new buildings by way of earthquake mitigation, but that there remain extremely serious problems in terms of some sort of other program.

Ms. **McNally**. That is exactly right. I think this is a major problem in research, and has not received sufficient attention in my opinion.

Mr. **Green**. Thank you, Mr. Chairman.

Mr. **Traxler**. Mr. Stokes?

Mr. **Stokes**. I notice in your formal testimony you say that "thus, in the last five years, we find reduced numbers of graduate students and new PhD's in geology and geophysics choosing to work in this field." To what do you attribute that?

Ms. **McNally**. The lack of funding for future job prospects and for graduate student support to be offered to them, which as you know comes largely off of our research grants. And this is very, very serious. I am not the only person to point this out.

Mr. **Traxler**. Mr. Atkins?

Mr. **Atkins**. The National Seismological Network is primarily in place presently, as I understand it, to deal with the need for data for planning for nuclear power plants, and the funding that was provided for that from FEMA and the NRC is being phased out over the next couple of years.

How big a concern, where do you put that on your priority list in terms of research in this area?

Ms. **McNally**. I believe that both the global and the national networks are extremely important for rapid emergency response, these networks provide exactly the size of the earthquake and the information that leads us to be able to predict the devastated areas. California does not derive instrumentation from that arrangement with the NRC and so forth for transfer of the eastern networks into a national network.

We are trying in California to obtain, through private sources, from state sources, and from Federal sources, the complementary instruments to join in that national effort.

Let me add that I am concerned, and there has been a lot of concern, that in the East that the national network is not adequate for monitoring and mapping the earthquake-prone regions where very small earthquakes are occurring, and closer instrumentation might be needed as an adjunct to this. I don't know what the current plans are for that. I think at both levels are needed.

Mr. **Traxler**. Well, in conclusion, can you tell us when and where in California?

Ms. **McNally**. Sure, I can. There are approximately eight locations in California that we know about which have the potential for magnitude 7 to 8 size earthquakes, that when summed all together, are something like a sure bet that we will have at least one more of them in the next decade. And I think they have happened in the past, and I think we know enough to know that we are going to face more of those.

The more difficult question is when are the next ones in the East going to be, and Southeast, and that, I think we need to pay particular attention to those investigations.

Mr. **Traxler**. Thank you very much. I appreciate your testimony.

[The statement of Dr. McNally follows:]

Testimony Presented on May 1, 1990 to the

APPROPRIATIONS SUBCOMMITTEE ON THE VETERAN'S ADMINISTRATION, HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES

U.S. HOUSE OF REPRESENTATIVES

on the

NEED FOR INCREASED FUNDING FOR EARTHQUAKE RESEARCH FROM THE NATIONAL SCIENCE FOUNDATION & THE U.S. GEOLOGICAL SURVEY

KAREN C. MCNALLY

Director of Charles F. Richter Seismological Laboratory
Professor of Earth Sciences
University of California at Santa Cruz
Santa Cruz, California 95064

30-601 446

Mr. Chairman and Members of the Subcommittee:

The recent earthquake along the San Andreas Fault in the southern Santa Cruz Mountains impresses us, as scientists and as local residents, with the urgency to accelerate research and implement earthquake preparedness measures across the United States.

The costs of large earthquakes are overwhelming and recovery is sustained and arduous, lasting for years. Earthquakes will continue to strike the U.S. and many of their consequences are no longer an "act of God," because now we know much about mitigating against their hazards. Hazards mitigation is expensive, for both government and the private sector, and sustained but steadfast commitments are needed. It is thus critical that sufficient resources be 'front loaded' for accelerated efforts to begin immediately.

Success can only be achieved through a partnership of educational institutions , state government, federal government, and the private sector. Rather than speak about my own individual opinions, I would rather draw upon preliminary findings and an evolving consensus among a broad group of earthquake specialists regarding immediate priorities for earthquake research and preparedness activities.

"A new plan for earthquake research in California, based on a workshop broadly attended by representatives of the earth sciences, earthquake engineering and public policy communities and held at the Beckman Center of the National Academy of Sciences and Engineering on January 15-16, 1990, has identified a set of research priorities to evaluate and reduce earthquake hazards state-wide. The plan recommends development and implementation of a multiyear program to address systematically these priorities. Three of the proposed activities in this plan, one from each of the three elements--hazard evaluation, hazard reduction, and technology transfer, have widespread support from the earthquake research and mitigation communities, and have been highlighted in other forums and planning documents. They are:

- Characterization of active faults in California and estimation of the probabilities that they will produce future earthquakes.

- Improving methods for evaluating and upgrading the seismic response of potentially hazardous structures, and
- Establishing formal mechanisms for technology transfer and communication between the researchers, practitioners, and decision makers.

Characterization of active faults and estimation of the probabilities that they will produce earthquakes is important for reducing losses from earthquakes in California. Knowledge of the sources of earthquakes and their likelihood of rupture in the next few decades enables better predictions of damage and focussed emergency response planning.

Fault activity and earthquake probability estimates are based on studies of spatial and temporal seismicity patterns--both historical and prehistorical--and measurements of strain build-up--both current and ancient. The efficient collections and interpretation of data in these fields and timely dissemination of results rely heavily upon adequate and sustained financial support and upon the exploitation of promising modern technologies. Geologists use computer-based systems for their analyses of active faults; geodesists use satellite- and land-based surveying systems to make rapid and precise measurement of strain; seismologists need broad-band seismographs for determining the nature of earthquake-producing faults and for analysis of destructive, strong ground motions.

The seismic safety of existing facilities in both the public and private sectors are of great concern to State and Local governments. The collapse hazard of unreinforced masonry, critical facilities and extended structures such as dams and bridges has been given special attention. Research is needed to improve the methodology to evaluate different retrofit strategies and to relate the damageability of upgraded structures to various levels and duration to ground shaking. More research is needed on ways to strengthen reinforced concrete structures which do not have sufficient ductility to deform without failure, and on historical structures which must be treated on a case-by-case basis in order to devise strengthening measures which do not change their aesthetic appearance. Consideration should be given to establishing permissible states of damage due to strong ground shaking, developing improved analysis techniques for assessing building performance including foundation stability, and evaluating the effectiveness of various retrofit techniques including alternate schemes of strengthening, base isolation, and supplementary damping."

An effective earthquake research program must have "well-developed and deliberate mechanisms for technology transfer between the researchers and the practitioners, and for communication between the research community and the public sector."

IMMEDIATE PRIORITIES FOR EARTHQUAKE SCIENCE,
ENGINEERING AND PUBLIC POLICY RESEARCH IN THE
STATE OF CALIFORNIA
From The Beckman Center Workshop
Plan for Earthquake Research in California
January 15-16, 1990

This example of the major goals for a program in California can serve as a model for integrating focused and basic earthquake research, and mitigation activities nationwide. A substantial augmentation to the National Science Foundation and the U.S. Geological Survey budgets for earthquake research is necessary in order to implement such programs and to leverage matching support from state and private sources. It is well known that funding for earthquake research through the National Science Foundation and the U.S. Geological Survey has gradually decreased to the point where, when corrected for inflation, the FY89 level was about 60% of the 1980 level. This decrease has been felt most severely by the university groups working on earthquake problems. Thus in the last 5 years we find that reduced numbers of graduate students and new Ph.D.s in geology or geophysics are choosing to work in this field. This portends disastrous consequences for future U.S. programs for earthquake safety. It is urgent that this matter receives your immediate attention. Please remember that the earthquakes will not wait.

I also urge you to oppose the continuation of the $95,000 salary cap for National Science Foundation research grant recipients. The cap unfairly penalizes the most senior and distinguished faculty who conduct much of the federal government's basic research. The cap is set at an arbitrary figure and does not reflect sound science policy.

TUESDAY, MAY 1, 1990.

EPA

WITNESS

ROBERT EMMET HAYES, STATE REPRESENTATIVE, MASSACHUSETTS HOUSE OF REPRESENTATIVES, CHAIRMAN, COMMITTEE ON FEDERAL FINANCIAL ASSISTANCE

Mr. TRAXLER. Mr. Atkins, I think you requested the honor of introducing our next witness.

Mr. ATKINS. Thank you, Mr. Chairman.

Our next witness is Representative Emmet Hayes from Whitman, Massachusetts. He is the chairman of the Federal Financial Assistance Committee in the state legislature, and he is unquestionably the most knowledgeable person in Massachusetts about state and local funding for water and sewer projects, particularly this committee's favorite, the Boston Harbor project.

Mr. TRAXLER. Never heard of it.

Well, what an introduction.

Mr. HAYES. Mr. Chairman, Members of the committee, thank you very much for this opportunity to appear before you, and I will summarize. You have my testimony, which goes into the specifics in greater detail, and I won't go over them.

I am here to urge the appropriation of $39 million specifically for Boston Harbor cleanup, and further, to strongly urge that the committee fully fund this year's appropriation for the Federal Clean Water Act at $2.4 billion. I am here as the chairman of the Committee on Federal Financial Assistance, but I also represent one community that is being impacted by the Boston Harbor cleanup. It is a complex cleanup; it is a challenging cleanup, and in many aspects it is quite controversial.

But right now the ratepayers are beginning to feel the real impact of that cleanup, and they are going to continue to see it. since 1985 the rates have gone up dramatically, over 272 percent. Last year's impact on my community alone was about 38 percent for their sewer bills, and it is estimated that by the turn of the century, those water and sewer bills could be approaching $1,200, $1,400 per household.

I am also here to point out that I believe that Massachusetts is doing its part. The rate payers of the Massachusetts Water Resources Authority, MWRA, which is handling this cleanup, are feeling the effects, they are paying their fair share, but the state of Massachusetts is also doing what it can do.

Last year I sponsored a bill that was signed by the governor, passed by both branches of the house unanimously, despite some very tough financial straits facing the commonwealth. We have appropriated $1.4 billion of state monies to offset the cost of the Boston Harbor cleanup, and also to aid other communities in the commonwealth facing similar projects.

We have communities down south in New Bedford Harbor, up north in the sewer district called South Essex Sewer District, and even in Plymouth, Massachusetts, where Mayflower pilgrims are remembered, they are facing an enormous price tag for a new secondary treatment plant as well.

So Massachusetts is doing its part, but the fact of the matter is, when you are looking at $6 billion of construction, we are here to appeal for additional help from Congress. In 1987 you saw fit to appropriate separately $100 million, and there is now $39 million remaining, and I am here to ask the committee's cooperation. We need that money. The rates are going up dramatically, and we need to provide some great relief to those overburdened rate payers.

With that, Mr. Chairman, Members of the committee, I would be very pleased to answer any questions you may have. I am not going to go into the details of the bill that we passed in Massachusetts, but I would be happy to answer any questions you may have.

Mr. **Traxler**. Is this the first year that all of the construction grant monies go into the revolving fund account?

Mr. **Hayes**. That is correct.

Mr. **Traxler**. What is your sense of that?

Mr. **Hayes**. My sense is that you are going to have some serious problems with that program. I know that in the State of Massachusetts, if we look at what Congress was presented by your own EPA, it shows about $80 billion worth of work remaining to be done to meet the requirements of the Federal Clean Water Act.

Mr. **Traxler**. In Massachusetts only?

Mr. **Hayes**. $80 billion nationwide conservatively. In Massachusetts, conservatively we face, by old estimates, $6 billion. The figures for Boston Harbor alone updated will equal $6 billion, so by new cost figures, you are probably looking in the vicinity of $8- to $10 billion of work needing to be done in Massachusetts.

The loan program is a new program. It places real burdens on communities for matching funds. It is going to cause some hardships at the local level and there is going to be a learning curve before communities are going to jump in and take that money.

I am skeptical, Mr. Chairman.

Mr. **Traxler**. Well, of course we are not an authorizing committee, and it will be I suspect almost next to impossible for the subcommittee to change the authorizing legislation, change the law, and to continue the grant. While that might be one's heart's desire, I suspect the authorizer would be deeply distressed with that. I know OMB would be.

What do you think, Bill?

Mr. **Green**. I don't know. I was going to ask you the same line of questions. I attended a Northeast Governors' Conference in Washington, I guess it was the summer of 1985, and I was stunned at how readily the concept of the revolving fund had been accepted by everyone. It was one mayor of a small community who was the only one who raised any question about it.

It seems to me it would raise a very serious problem for smaller communities, particularly. They just slide right through.

Mr. **Traxler**. The President's recommendation this year for the revolving fund is $1.6, which is an improvement over the last ten years, but still falls short of what you are looking at, and the committee last year, I think we put out $1.9, was it?

Mr. **Green**. I think it was 2.

Mr. **Traxler**. The staff reminds me it was $2 billion we put out. Of course that was in the construction grant count, that was grant money.

Mr. **Hayes**. That is right.

Mr. **Green**. Half and half.

Mr. **Traxler**. Half and half. One and one. So now this is the first year of a 100 percent revolving fund.

Mr. **Hayes**. Well, the statute requires that states put up 20 percent matching monies. I just told you that Massachusetts, despite some serious financial problems, has put up $1.4 billion. That is not enough. But we understand that we have to make a sizable effort.

I mean, we have over 100 communities in Massachusetts facing either court orders or consent decrees, or an administrative order, to upgrade their facilities. These are large communities like in New Bedford, even larger authorities like Boston Harbor where we have the Massachusetts Water Resources Authority, but some very small communities that are facing enormous costs, and we need as much money as Congress can give us in order to try to get that job done.

Mr. **Traxler**. Mr. Hayes, I have a question. There is something I don't understand here, and that is where Massachusetts has been for the last 20 years in terms—very seriously in terms of its clean water cleanup initiatives and efforts?

Why suddenly are we talking of hundreds of communities in Massachusetts where it is necessary for them to spend incredible sums of money when, for instance, areas that I am specifically acquainted with for the last 20 years have been putting out in somewhat orderly fashion, in my state hundreds of millions of dollars for this effort, and have got the municipal aspects of this fairly well under control, although there are still problems with overflow and with the very heavy rains, and whether we do retention basins, separate sewers, you know, I am not suggesting we have solved the problem.

What I am saying is over the last 20 years we have spent many billions of dollars in my state in a very orderly, deliberate fashion with a long ways to go. But what has happened in Massachusetts? Will you bring me up to speed?

Mr. **Hayes**. Well, I think one of the things that a few years ago during the Presidential campaign we saw the President in Boston Harbor talking about the neglect, and I think that it was unjust, because Massachusetts has a very strong record in this area. Since 1979, we have received every single reallocated Federal dollar available for the Federal Clean Water Program. We have been at the forefront of this.

We have been supplying not only the minimal amount of money. As I indicated before, we could have done a minor program, 20 percent, in order to capture $60 million last year, we could have done somewhere around $20 million, instead we did $1.4 billion.

In 1985 we did a similar bond issue, Chapter 78 to appropriate over $500 million for similar projects. We have been very aggressive. We have a state program that when the Federal program isn't available, when the money simply runs out, we have state dollars to kick in, they kick in 75 percent.

When we recognized back in 1985 that the Federal money wasn't getting out there to as many projects as we needed, we voluntarily reduced the Federal share that at that time the law said was 55 percent, we said that we would turn it around and make it 35 and put 55 percent state dollars up.

So we have been aggressive. The problem we have is that it is an older state, a lot older pipes, a lot of communities that need the work, and we are facing an incredible backlog.

Mr. **Traxler**. Now, last year and the years before, we have been appropriating $20 million for the Boston Harbor, and we notice that in your testimony you talk about $39 million being authorized for Boston Harbor.

Mr. **Hayes**. That is correct.

Mr. **Traxler**. Where did that figure come from?

Mr. **Hayes**. Well, I believe the existing appropriation, Congress had appropriated $100 million, and today I believe Boston Harbor has received $61 million of that.

Mr. **Traxler**. So you are talking about the balance?

Mr. **Hayes**. The balance, and we are here to urge obviously 39, but in your wisdom, we will take 25, we will take 29, or——

Mr. **Traxler**. Did you have anything to add, Mr. Atkins?

Mr. **Atkins**. I am just curious, Representative Hayes, of your view of the debate in 1988 on Boston Harbor itself, what the responsibility was of the state, whether the state in fact had fallen down in its responsibility for the clean-up, and is that why we are in with this $100 million program, or whether the state had aggressively and responsively pursued the clean-up of the harbor?

Mr. **Hayes**. Well, I think that honestly there is plenty of blame to go around. We are looking at $6 billion, and now the rate payers and others are trying to deal with that issue. But I think the record shows that a number of communities were offered the opportunity for a waiver to get away from secondary treatment because of the cost implications. Massachusetts is one of them; Boston Harbor specifically.

There were nearly 200 others who applied for a waiver. In 1979 when there was Federal grant money available, what was then the Metropolitan District Commission was unable to go forward and get a grant application, because there was a Federal waiver pending.

Now, that waiver for a number of reasons, some of them very legitimate, dragged on for six years, and so I think that it is fair to say that the Federal Government, through its Federal EPA, bears some of the blame in the delay and the costs that we are now forced to deal with, and I think that is a very accurate representation of the facts.

Mr. **Traxler**. Thank you very much.

Mr. **Hayes**. Thank you very much, Mr. Chairman.

[The statement of Mr. Hayes follows:]

The Commonwealth of Massachusetts
House of Representatives
Committee on Federal Financial Assistance
State House, Boston

ROBERT EMMET HAYES
CHAIRMAN

ROOM 156
STATE HOUSE
(617) 722-2290

WITNESS LIST

TO TESTIFY ON BEHALF OF THE COMMONWEALTH OF MASSACHUSETTS WITH REGARD TO THE $39 MILLION AUTHORIZED IN THE CLEAN WATER ACT FOR THE BOSTON HARBOR CLEAN-UP PROGRAM, AND FULL-FUNDING OF 2.4 BILLION DOLLARS AUTHORIZED IN THE CLEAN WATER ACT.

ROBERT EMMET HAYES
STATE REPRESENTATIVE, MASSACHUSETTS
CHAIRMAN, COMMITTEE ON FEDERAL FINANCIAL ASSISTANCE

REH 5/1/90

(2)

Good afternoon, my name is Robert Emmet Hayes. I am a state Representative from the 7th Plymouth District in Massachusetts and I serve as House Chairman of the Committee on Federal Financial Assistance. I am here today to urge your support for the appropriation of $39 million for the Boston Harbor Clean-up effort and the full-funding of $2.4 billion for the Federal Clean Water Act authorization.

Boston Harbor encompasses an area of fifty square miles. It houses the largest population concentration of any area of the Massachusetts coast line, and is New England's largest seaport. For more than 350 years, Massachusetts has drawn its strength and its sense of character from its seacoast, with Boston Harbor as a focal point.

The sense of history in the Harbor is strong: in its waters the U.S.S. Constitution is docked; through its waters colonists were supplied with raw materials which nurtured the spirit of American independence. In a real sense, Boston Harbor has played a significant role in two presidential elections. A Tea Party there helped make George Washington our first president. Sewage there helped make George Bush our 41st president.

Candidate Bush was certainly correct when he called Boston Harbor's water filthy. Boston Harbor has accurately been labeled the dirtiest harbor in America and the public health implications are frightening.

Eighty-two percent of flounder and other fin-fish in the harbor are diseased; twenty-three percent have visible tumors. High levels of cancer-causing PCB's have been found in lobster tamale. Half of the harbor's 4700 acres of shellfish beds are closed permanently--all of them are closed after it rains. Even those clams which can be harvested must undergo a purification process. Swimmers entering the waters of urban beaches are at risk for infections-- not to mention the questionable aesthetics. But what was not mentioned during the Presidential campaign, however, was what is being done in response. The Massachusetts Water Resources Authority, the agency created by the Massachusetts legislature in 1985 to clean Boston Harbor, is undertaking the design and construction of $6.1 billion worth of new wastewater treatment facilities to end the pollution of Boston Harbor. The program, which is under a federal court order, is well underway and most agree on schedule. It is a complex, expensive and challenging program of men, machinery and plumbing and I might add, controversial. As complex and challenging as the engineering and construction may be, the biggest challenge facing the MWRA and the 2.5 million users of its system is how to pay for it.

The MWRA is making a strong effort to draw upon its own resources to meet this challenge. In the last four years, water and sewer rates have increased 272%. The average family of four is currently paying just under $400 per year in user fees. The rates by the mid 1990's are anticipated to be in excess of $800; and by the turn of the century, ratepayers could be facing bills of $1200 of $1400 per year. In addition, the MWRA to date has issued over $1.1 billion in bonds. The most recent issue, 836 million, was put to market in January of this year.

There have been other efforts to meet the funding challenge of the Boston Harbor Clean-Up at the state level. The Massachusetts state legislature unanimously passed, and the governor recently signed legislation which I am proud to say I sponsored. This legislation will bring some measure of rate-relief not only to MWRA users, but all communities in the Commonwealth facing similar projects. The bill, Chapter 275 of the Acts of 1989, will allow cities and towns to be able to tap into a $1.4 billion revolving loan fund to help pay for water and sewer improvements. This new law is the culmination of a two-year campaign to come to grips with billions in federal water and sewer mandates in Massachusetts.

Chapter 275 will:

* Establish a $1.4 billion trust fund to provide financial assistance to cities and towns for water and sewer projects.

* Award assistance to municipalities based on financial and environmental criteria, with a maximum subsidy of 75 percent.

* Create a $20 million watershed-protection grants program.

* Create a $200 million revolving loan fund for water treatment facilities.

* Allow cities and towns to participate in a state bonding pool so as to reduce the debt costs of building water and sewer facilities.

However, even with the increased user fees, maximum share of state bond and revolving loan funds, additional federal funds are critical to prevent intolerable rate increases - increases that amount to devastating rate shock.

When it passed the Clean Water Act in 1972, the federal government began a federal-state partnership which would result in the transformation of the nation's water resources. Under this historic program, over $40 billion has been authorized to help fund over 15,000 projects. Rivers like the Cuyahoga, the Hudson, and your own Potomac, are being reclaimed for future generations. But make no mistake about it, there is much more to be done. EPA's own needs survey estimates that over $80 billion worth of work remains to be done.

In recognition of the Boston Harbor crisis, Congress authorized $100 million in the 1987 reauthorization of the Clean Water Act. To date, $61 million has already been appropriated and put to work on vital harbor projects such as:

SITE PREPARATION FOR THE NEW TREATMENT PLANT - $25M

MARINE BORINGS FOR THE EFFLUENT OUTFALL TUNNEL - $17M

REH 5/1/90

(7)

DESIGN OF THE CROSS HARBOR CONVEYANCE TUNNEL - $19M

Congress has already made an investment in the future of the Harbor. MWRA anticipates spending the balance of $39 million for the construction of the conveyance tunnel which will transmit wastewater from the South System, under the Harbor, for treatment at the new Deer Island plant. Thus allowing the de-commissioning of the facility at Nut Island. This antiquated plant currently treats the sewage from 20 communities west and south of Boston. Though Boston Harbor gets all the attention, the problems do not end with the Harbor. The South Essex Sewer District, which receives and treats waste water from 5 communities north of Boston, is under a consent decree to build a secondary treatment plant. The water quality problems in New Bedford Harbor are so serious, parts of it are designated super fund sites. Many cities and towns through-out the Commonwealth are faced with massive capital expenditures to fix and in many cases replace aging sewer pipes. For these reasons alone, it is imperative that Congress appropriate the full $2.4 billion authorized for next fiscal year.

The harsh realities of the federal budget deficit are well known and I realize how strapped the budget allocation for your subcommittee is. As a state legislator, I understand the importance of the housing issue; as a state legislator, I have consistently supported each veteran's program that has come to the floor of the Massachusetts house. As an American, I look with pride, as you do, at our space accomplishments. But I can think of no better investment the government can make than investing in the environment in which we live. The interest in our recent commeroration of Earth Day indicates the public concern with a clean and healthy earth. I urge you to include in the budget $39 million for the Boston Harbor Clean-Up and to fully fund at $2.4 billion for the fiscal year authorization of the Federal Clean Water Act.

Thank you for your consideration.

TUESDAY, MAY 1, 1990.

VETERANS ADMINISTRATION

WITNESS

DR. JAMES BLOCK, UNIVERSITY HOSPITALS OF CLEVELAND

Mr. **TRAXLER.** Dr. James Block, University Hospitals of Cleveland, and Lou Stokes is going to do the honors, Dr. Block.

Mr. **STOKES.** Thank you very much, Mr. Chairman.

Mr. Chairman, I am pleased to welcome before our subcommittee this afternoon Dr. James Block. Dr. Block is the distinguished president and chief executive officer of the University Hospitals of Cleveland. This university sits in the heart of my congressional district, in what is known as the University Circles area, which is a complex of universities, educational institutions, also houses the Western Reserve Medical School, which works very closely with University Hospitals, a teaching hospital there in addition to it.

Last year, Mr. Chairman, we submitted to this committee a proposal in conjunction with a medical project between University Hospitals and the Veterans' Administration Center in Cleveland, both of which are located in my congressional district. Our subcommittee at that time authorized a study which refers to this specific project, and I am sure——

Mr. **TRAXLER.** At your request, you wanted the money.

Mr. **STOKES.** Right.

Mr. **TRAXLER.** And at your request then, when you didn't get the money, you said let's do a study.

Mr. **STOKES.** Right. And you were gracious enough, Mr. Chairman, and the subcommittee to give it to us, and we appreciated that. I am sure Dr. Block will make some reference to the study, but I would like at this time to present him to you and let him present his testimony.

Mr. **TRAXLER.** Dr. Block, we have a vote going on. I think what we will do, this is an important amendment, and I think what we will do is go up for this vote, and we will be back down for your testimony as soon as this vote is over with. Ten minutes or so.

We will stand at ease for ten minutes.

[Vote recess at 4:00 p.m.]

Mr. **TRAXLER.** Dr. Block, thank you for your patience. We are sorry. Please proceed.

Dr. **BLOCK.** Mr. Chairman, I am very pleased to have the opportunity to talk with the committee.

I represent University Hospitals of Cleveland, and we have had a long and very productive relationship with the Veterans Hospital in our community. We also are integrated very closely with the Case Western Reserve University School of Medicine, and we, together with the Veterans' Administration Hospital, have been providing medical services, education, and research to veterans for a number of years.

I am here as a direct result of this committee's work in the 100th Congress when you said, and I quote: "The committee continues to believe that with a small investment of research dollars the payoff is extraordinary. In addition, there needs to be a balance between medical care and research funding."

We were very pleased to see those words incorporated in your report in the 100th Congress, and as a result, we approached this committee, through Congressman Stokes, with a proposal to establish a regional neuroskeletal science center. As a result of our submission of that proposal, this committee then submitted several questions to the Administration regarding research. We were very pleased with the response to those questions.

You may recall the Veterans' Administration indicated very substantial cost savings to the Veterans' Administration as a result of further biomedical research. They spoke specifically to the importance of research involving prosthetics that could lead to substantial reduction in length of stay for veterans within the hospital.

Most importantly for our interest, they also indicated to this committee, and I quote:

> That the establishment of a center in the area of prosthetic, amputation and spinal cord research would further our efforts to address the problems associated with amputation and to answer research questions in the areas of limb viability studies and emerging technologies relative to independence and mobility.

We were very excited by those answers. They also indicated to you that spinal cord injuries alone cost the Veterans' Administration millions of dollars each year as well as an anticipated $3 billion for the care of just those patients who have spinal injuries at the present time.

I would like to bring to your attention the Case Western Reserve University School of Medicine and University Hospitals, in conjunction with the Veterans' Center, represent a remarkable accumulation of people, facilities, and scientists, prepared to further address the critical research issues in neuroskeletal diseases. We believe that we can continue to discover ways of alleviating the serious problems brought on by neuroskeletal disease.

I would like to bring to your attention that we have already made very significant contributions, that we have as many as six Nobel Laureates associated with our research efforts, that one of our research efforts led to the polio vaccine, that we presently have underway very significant research efforts in neuroskeletal diseases.

One which you may find particularly of interest is the development of robotic activities, which we believe will be brought into the operating room and will facilitate the care of the veterans with significant neuroskeletal diseases. Now, last year this committee did ask that a planning grant be undertaken, and you have recently received the results of those planning grants and the report that has been reported to you through the Secretary's communication. And I would like to speak to that for just a moment.

It was indicated in that letter that there is very strong support by the Veterans' Administration for sharing among health care facilities. We were very excited by their recognition of the importance of sharing among facilities. We also recognize that in that letter the Secretary did express that there was not sufficient evidence, quantitative evidence to justify support at this point in time.

I would like to point out that his remarks were limited to patient care activities. Our proposal is for research. We understand that it is difficult to quantify the immediate benefits of research. We know that this is a longer term investment, but we also know that we have a very strong track record, we have extremely qualified people, and we know that the local Veterans' Administration Hospital has joined with us in submitting this proposal, with the belief that we can establish an internationally renowned regional science center to achieve the goals that we stated.

We also understand that it is difficult for the Veterans' Administration, at this time of Gramm-Rudman, to include a proposal that has a long range benefit associated with it, but I would like to remind you that it was this committee that called for research. It was this committee that encouraged further research that would lead to reduced costs and improving the quality of life for veterans.

We also realize that it is difficult for a bureaucracy to support an idea which is not their own but which has come from the Congress, but we applaud your leadership, we applaud your willingness to recognize the importance of research, and I am here today to encourage you to assist us in achieving the funding for this important center.

Thank you very much.

Mr. **Traxler**. Well, we appreciate your very fine remarks, and I have looked over the report by the Veterans' Administration in connection with our request for the study.

Louis, did you have anything, any questions?

Mr. **Stokes**. No.

Mr. **Traxler**. I just wanted to say, as Mr. Stokes is on his way out, we detailed him for a very important position. He is very grateful for all of our support I know on the Ethics Committee, the former chairman.

So, in any event, what I want to tell you is many medical schools who are affiliated with Veterans' Administration hospitals want very much for you to be successful. They are all waiting in line. Our problem is that we don't have, as a committee, adequate resources to fund VA hospital construction, rennovation, outpatient clinics, nursing homes. We have got a shift in the population of veterans to the South, increasing World War II patients coming in, and our resources are so limited. And the sad thing here is that you make an excellent case.

We, in another part of the budget, in the NSF part, as you are aware, have a miniscule program that was just initiated last year for a construction of research facilities on university campuses, and that amounts to $20 million. It is such a pittance that the agency said it couldn't deal with that small an amount, and they are going to roll it over into this year's appropriation of another $20 million.

What I am saying is the national needs, by our estimation, are in the billions of dollars for university research structures and that while the Administration has been a strong supporter of basic research and science initiatives, this is one area that it has not given attention to, and it is virtually beyond the ability of the Congress to singlehandedly appropriate the kinds of monies to fill the need, because it is so great not only at your university but at the universities cross this country.

I am not speaking only in terms of medical school needs, but I am speaking in terms of science needs in general, biology and chemistry, and one could go through the entire disciplinary list. And so it is very depressing for us to listen to good proposals.

We had another one, as you may be aware of last year. A request from the folks down at Miami, to do something on Alzheimer's. Very worthwhile program, and I have already told them no, not because we don't think it is good? No, because we wouldn't like to see it? No, simply because the committee can't deal with the numerous requests that we would have then from every medical school in the country, one.

Two, very thoughtful individuals would be seeking ways not only in terms of medical schools, but in terms of kinds of basic research laboratories unrelated to human medicine.

I am going to conclude, I mentioned to Mr. Stokes that there is a bill that was on the calendar today which I understand is going to be coming back, in all probability. It has been referred to another committee for sequential consideration. And that is H.R. 4390. Now, that provides for Veterans' Affairs grants, Veterans' Administration grants, to assist medical schools in establishing new research centers. That bill will, in addition, provide for DOD funding of that facility. It is a joint DOD/VA program, relaying also on funds being raised in the local university—and I don't recall the proportions, I am not even sure they are spelled out. I don't know that we have got the money in this committee to fund this kind of a program.

The second thing that happens in this program—and I am talking about under 4390—and I didn't ask you, how did you intend to staff the facility? Who is going to pay for the staff?

Dr. **Block**. It would be a combination of the university, the hospital, and the Veterans' Administration. We have also just received $10 million from the State of Ohio towards this effort. We also are going to be adding another $40 million of our own funds. So we did view it as a partnership.

Mr. **Traxler**. I am going to ask you to monitor H.R. 4390—I have a suspicion that it is going to become law—and look at its provisions. It was on the consent calendar.

One of the disadvantages of 4390 is that it provides for 100 percent Veterans' Administration operating, as I understand it. I hope I am wrong, because that gain would severely limit our participation, because of the acute shortage that we now have in VA personnel, medical personnel, and so maybe with some kinds of modifications in the Senate, where we can use staffing from the universities in these joint ventures, maybe it becomes more realistic, and maybe we can say, indeed with the participation of the private sector, in the longer term we are going to be saving money for the government.

But as it stands at this moment, without authorization, we are very reluctant to start down this road. I mean, I am pleased with your proposal. I like the participation by the private sector in this endeavor. I like what you propose to do. I like the idea of joint operating contributions. That is always a concern of ours, so I want to tell you, we will follow developments with H.R. 4390 and see what happens.

Now, that is an application process. If it does become law, there is an application process that would be involved. We will require some rules and regulations we devise, so it is not an immediate solution, but we will be further in touch with Mr. Stokes and ourself, I am sure.

Dr. **Block**. I appreciate this opportunity to meet with you.

Mr. **Traxler**. I might mention we have already had very similar requests from Georgetown Medical School. Have you heard from them yet?

Mr. **Atkins**. No. Is there any non-federal money at Georgetown now?

Dr. **Block**. I would like to leave these for the record.

Mr. **Traxler**. We appreciate that. Thank you very much.

Dr. **Block**. Thank you for the time.

[The statement of Dr. Block follows:]

Statement of
Dr. James Block
University Hospitals of Cleveland

Prepared for

Subcommittee on VA, HUD, and Independent Agencies
Bob Traxler, Chairman

May 1, 1990

Chairman Traxler:

We at University Hospitals are grateful for the opportunity to come before this committee personally to discuss a proposal for funding pending before you.

Actually, the geneis of our proposal is with this committee. In the Second Session of the 100th Congress, Report 100-701 which accomplied HR 4800, contained a paragraph on page 57 which we at University Hospitals were excited by.

"The Committee continues to believe that with a small investment of research dollars the payoff is extraordinary. In addition, there needs to be a balance between medical care and research funding."

We are here today because of that paragraph. University Hospitals of Cleveland developed an innovative partnership which would allow us, the Cleveland V.A. and the School of Medicine at Case Western Reserve University, a linkage which exists programmatically in clinical and academic areas, to develop a Regional Neuroskeletal Science Center.

Last year at this time this committee propounded questions to the Department asking about present costs to the government for care for spinal injuries, the need for research, and existing facilities. I would like to quote responses received from the Department:

o Prosthetics/Amputation -- Funding provided by Congress in FY88 allowed for expansion of Computer Aided Design/Computer Aided Manufacture (cad/cam) research which utilizes computer technology to aid clinicians in the design, fabrication and fit if below-the-knee (BK) prosthesis for amputee veterans. Concurrent with cad/cam efforts is the continued research into Automated Fabrication of Mobility Aids (AFMA) which is the development of a VA AFMA hardware and software system which will provide reproducible, uniform sockets; allow the prosthetist to spend less time making the socket shape and reduce the fabrication and delay time to the veteran from 2 weeks to 1 day. Open architecture software will be developed and currently available software will be upgraded.

Additionally, research into postsurgical management of the amputation to improve limb viability, wound healing is vital and ongoing.

o The establishment of a center(s) in the area of prosthetic/amputation and spinal cord injury research would further our efforts to address the problems associated with ambulation and to answer research questions in the areas of limb vaibility studies and emerging technologies relative to independence and mobility.

o It is estimated it will require approximately $3,204,000,000 to care for the approximately 18,000 SCI veteran-patients. This estimate is based on the assumption that the average SCI veteran-patient will spend approximately fifteen days as an inpatient each year and will receive approximately five outpatient visits per year. It is also assumed that the average SCI veteran-patient will require approximately 25 years of care. The above total is calculated using $438 per day as the approximate cost of hospital care and $110 as the approximate cost of an outpatient visit.

Mr. Chairman, as a continuation of our effort to bring the state of Ohio, private research efforts and federal resources to elivate the needs defined by the Department, your committee funded a feasibility study on our proposal for a Regional Neuroskeletal Science Center and asked for a report to be delivered at the beginning of this current session of Congress, three months ago.

That report was made available last week. The report was made to this committee and I ask, therefore, the members bear with me where I am redundent in quoting the report for the record. The study, "did not document sufficent quantifable benefit for veternas beyond those services currently available." I am here to set the record straight.

Together with Case Western Reserve University, University Hospitals of Cleveland and the CLeveland VA Medical Center already collaborate to form Ohio's largest center for biomedical research. One of the current research, education and patient care strengths relates to neuroskeletal disorders. The Cleveland VA Medical Center has been a referral center for sophisticated spine procedures for many years and has offered an interdisciplinary program for the treatment and rehabilitation of acute and chronic spinal cord injured patients. The current Spinal Cord Injury Service at the Wade Park Unit of the CLeveland VA Medical Center includes a 60-bed Spinal Cord Injury unit, outpatient and home care programs.

University Hospitals of Cleveland and the Cleveland VA are nationally and internationally recognized for its research and medical care of neuroskeletal disorders. Departments of

Orthopaedics at University Hospitals of Cleveland, the Cleveland VA and Case Western Reserve University are well-recognized for their expertise in the areas of spinal cord injury and spine disorders; faculty shared by these institutions are recognized as pioneers in delayed compression on the injured spinal cord. University Hospitals has specialized staff and technology supporting treatment of neuroskeletal disorders, including a PET scanner, magnetic resonance imaging, and Pain Center.

Renal failure was once the leading cause of death among spinal cord injured patients; the Cleveland VA's state-of-the-art equipment and urological services have resulted in improved health status and increases longevity for that patient population. In July 1989, the Cleveland VA was selected as the site for the VA's Center of Excellence in Functional Electrical Stimulation, dedicated to improving the quality of life of disabled veterans through the introduction of advanced technology employing functional electrical stimulation of paralyzed extremities. This designation was the culmination of years of research at Cleveland funded by the VA's Rehabilitative Research and Development Service, funding that continues in support of FES and other rehabilitative research activities.

The sponsors are well positioned to jointly develop a Regional Neuroskeletal Science Center which will not only improve the current care of patients with these disorders, but will actively pursue new treatment approaches and technologies which hold the promise for further improvements in the future. Additional resources - staff, facilities, and equipment - will be required to realize this potential.

The Spinal Cord Injury Unit at the Cleveland VA Medical Center needs to be replaced. It was built in 1961 and has undergone only minimal renovations since that time. In 1979, VA Central Office established standards to assure adequate patient privacy through conversion to rooms of four beds or less. In December of 1988, space planning criteria for Spinal Cord Injury were published which mandated that space for appropriate support services be provided for on such units. Cleveland's Spinal Cord Injury Unit was orignally constructed with four sixteen-bed wards. Since that time, one ward has been converted to a small outpatient area and three sixteen bed wards remain. Funds have not been made available to permit the Cleveland VA's compliance with patient privacy standards or to provide more appropriate space and better accomodations for patients on that unit. In addition, the current SCI Unit is on the second floor while major support services for the rehabilitation of the SCI patients, including physical therapy, hydrotherapy and occupational and corrective therapy, are located on other floors. The location and design of the SCI Unit is dysfunctional and does not permit ready access by the patients to other areas within or outside the facility or prompt evacuation in case of fire or other emergencey. The April 1989 quality of care assessment of the SCI program by surveyors representing the Paralyzed Veterans of

America agreed that "there is insufficent space, equipment and facilities to meet patient needs."

At University Hospitals of Cleveland, there is also a lack of facilities and equipment to serve the growing volume of neuroskeletal patients. Existing facilities are spread over many sites, making multi-disciplinary collaboration difficult and time-consuming.

The proposed Regional Neuroskeletal Science Center will consist of facilities at two sites - Cleveland VA Medical Center and University Hospitals of Cleveland.

On the VA campus, a new sixty-bed Spinal Cord Injury Center will be constructed. It will be developed in a new, easily accessible, ground floor facility comprising 25,000 net square feet of space for the clinical program. Patient care would be provided on two, thirty-bed units, one serving both acute and ventilator-dependent patients and the other serving sustaining and long-term care patients. Related research would be conducted in an adjacent 12,000 net square feet SCI Research Center, bringing the total space of the facility to 37,000 net square feet. Within the clinical area, the full spectrum of support services would be made available, including physical, occupational, kinesio- and rehabilitation therapy as well as vocational rehabilitation for acute and long-term SCI patients. A wheelchair accessible home environment clinic would be adjacent to each 30-bed unit to facilitate rehabilitation. Space for education and training would be made a part of the center to enhance the broad-based continuing education programs and multi-disciplinary interactions.

At University Hospitals of Cleveland, the Center will include facilities designed to support the multi-disciplinary efforts related to neuroskeletal disorders. Physical facilities will include an inpatient bed unit, outpatient treatment areas, rehabilitation and occupational units, clinics, research laboratories, a computer center, a "Life Learning Center" and other facilities which can be utilized by all investigators and trainees in the clinical and basic sciences. Core research equipment will include electron microscopes, a mass spectrophotometer, a bone densitometerm computerized axial tomagraphy, magnetic resonance imaging, and finally Univeristy Hospitals of Cleveland's PET scanner, the only such facility in Ohio. The Center will require staffing to include nurses, technicians and therapists who specialize in neuroskeletal disorders. The facilities, equipment and personnel will be shared by investigators in the various clinical and scientific disciplines housed in the center, thus allowing cost effective utilization of these expensive resources.

Close collaboration will take place between Center staff at both sites. Some of the staff will, indeed, serve at both sites, assuring good collaboration. Specialized diagnostic equipment will be available to patients at either facility.

The goals of the Center will be to discover new and improved methods of diagnosis and treatment of neuroskeletal disorders and to develop a clearer understanding of the etiology of these conditions. Additionally, there will be an emphasis on life time follow-up care including health maintenance, independent living and vocational services leading to productive community living.

The Center will provide important opportunities for education and training. This training will focus on research skills of both clinicians and basic scientists, thus providing a natural source of manpower for future research. In addition, other students at VA/UHC/CWRU and those at other academic medical centers will have the opportunity for exposure to the programs of the Center in order to stimulate interest in careers related to neuroskeletal disorders. The dissemination of the research findings to medical practitioners will also be fostered. This will be accomplished through the Center's commitment to life learning (medical school through continuing professional education) and the support of the VA Regional Medical Education Center and Regional Learning Resources Center located in a nearby suburb.

The Cleveland VA Medical Center and University Hospitals of Cleveland are committed to build new facilities to achieve these goals. These facilities will permit a more comprehensive, effcient and integrated approach to patient care, research and education related to neuroskeletal disorders. The proposed Regional Neuroskeletal Science Center will be a partnership that will become a unique national resource.

Gentlemen, in the final analysis Secretary Derwinski is saying this project was not in the Budget and therefore there isn't any funding available or, in other terms, it wasn't our idea and therefore it's not a good idea.

Your committee has put forth a bold proposal-research will help the VA reduce costs and this Committee is willing to invest even in these austere budgetary times. That's leadership in my view. And that's why I'm asking you to help make this proposal a reality by appropriating the necessary funds. I'll be happy to return and explain what we've done every year and I'm certain you'll be proud of the results.

Thank you.

TUESDAY, MAY 1, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

ALAN G. KRAUT, EXECUTIVE DIRECTOR, AMERICAN PSYCHOLOGICAL SOCIETY

Mr. **TRAXLER**. Alan Kraut from the American Psychological Society.

Mr. **KRAUT**. Mr. Chairman, thank you for allowing me to testify. I am Executive Director of the American Psychological Society, the national organization devoted to the research base of psychology. The American Psychological Society favors increased funding for the National Science Foundation. We support the Administration's goal of $3.2 billion budget by 1994, but we also believe that there are important funding issues that must be addressed regardless of the bottom line and the annual budget.

I have provided a written statement for the record, and I am just going to summarize our recommendations here:

First, I want to express our strong support for NSF investigating the establishment of a separate directorate for behavioral and social sciences. Recently, such a study was recommended by a national behavioral science summit meeting and by a task force of National Science Foundation's own.

We take this position in response to the decade long pattern of inadequate funding of research in the behavioral and social sciences. We have come to believe that this pattern is due to a structural problem, specifically that those in the highest levels of National Science Foundation who speak for behavioral and social sciences, are not from those disciplines and do not have the proper understanding of them.

There is great potential for rapid advancement on a number of fronts in psychology. For example, in how children learn mathematics, how biology affects learning, how attitudes affect behavior, in artificial intelligence, in factors, including social development development in children, and in the biology of emotions.

As in any area of basic research, the rate at which this advancement will come will depend in large part upon the level of understanding of National Science Foundation's decision makers. We believe that such understanding does not now exit within the agency's senior levels.

Let me provide an example of the kind of benign but detrimental perception that many policy makers share about behavioral and social science research. Recently, in addressing a conference on global change, the President's Science Advisor, Alan Bromley, correctly noted the proper level of behavioral and social sciences. He said that, "even when the physical and biological aspects of a problem are understood, all too often agreement is lacking on the underlying social, behavioral and economic causes and consequences of the action." He then went on to say that the Global Change Conference will focus as much on these aspects of global change as on the purely scientific aspects.

Now, the people I represent are Nobel Prize winners. They are winners of the National Medal of Science. They are members of the National Academy of Sciences. They teach at our nation's most prestigious universities, and they are pioneers in areas of basic research that have implications for all kinds of critical problems. They are concerned that this kind of statement could be made. Yet, we are convinced that this view is shared by many at National Science Foundation and will continue to dominate so long as the current structure of the directorate that houses behavioral and social sciences remain.

On another matter, I want to report to the committee what the behavioral sciences community is doing to ensure a more stable and productive research enterprise. In order to promote the development of a long term perspective, and to provide a framework for direction in behavioral and social science research, a Behavioral Science Research Summit was convened in January under the auspices of the American Psychological Society. Representatives of over 65 separate behavioral and psychological science research organizations began planning a national research agenda that will address our most promising frontiers of basic research.

We respectfully request that the committee encourage National Science Foundation to follow the national behavioral research agenda planning effort in its own planning for behavioral and social sciences research funding.

Finally, let me turn to the area of science education. We have been, and will continue to work with the foundation to address our nation's crisis in attracting young people to science. But we also think that behavioral science has a unique role to play.

First, issues of learning, teaching, and motivation are properly the areas of psychological research. We encourage the foundation to incorporate more fully the findings of behavioral research as they deal with science education. We have found that too often the prevailing attitude at National Science Foundation is, for example, if you want to teach physics to kids, ask a physicist how to do it. This ignores whole areas of relevant research about how science is best taught and best learned.

In addition, we encourage National Science Foundation to investigate how pre-college teaching of social and behavioral sciences will interest young children in science generally. Pre-college science emphasizes learning about scientific methods, about how science works. It is here that children are often turned off to science by having to learn these working principles from chemistry, biology, or physics. But those same principles are imbedded in the study of human behavior.

Doesn't it make sense that children will be more attracted to science if it is presented in ways that draw on their immediate experience? Having first learned about what science has to offer through intrinsically interesting questions about how people behave, how they think, and how they feel could well prepare students to be less intimidated and more ready to learn from other areas of science.

That concludes my oral statement. I want to thank you for the opportunity.

Mr. **Traxler**. We thank you very much for your presentation. I think your recommendations for a directorate are just excellent. What do you think the prospects are?

Mr. **Kraut**. This same recommendation has been made by people far more influential than me. By the House Science Research and Technology Subcommittee, by the National Academy of Sciences. To date, National Science Foundation has said thanks, but no thanks. We are hoping, frankly, that with a new Director of National Science Foundation coming in, perhaps in the next year, that this can be an issue that is at least on his or her agenda to discuss more openly than has been in the past.

Mr. **Traxler**. Okay.

[The statement of Mr. Kraut follows:]

AMERICAN
PSYCHOLOGICAL
SOCIETY

1511 K Street NW
Washington DC 20005
202 783 2077 Telephone
202 783 2083 Fax
Bitnet APSAGK@UMUC
APS2@UMUC

Testimony of

ALAN G. KRAUT
Executive Director

on behalf of

THE AMERICAN PSYCHOLOGICAL SOCIETY

on the subject of

FISCAL YEAR 1991 APPROPRIATIONS

of

THE NATIONAL SCIENCE FOUNDATION

before the

SUBCOMMITTEE ON VETERANS ADMINISTRATION, HOUSING AND
URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

The Honorable Bob Traxler, Chair

May 1, 1990

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify concerning Fiscal Year (FY) 1991 appropriations for the National Science Foundation (NSF). I am Alan Kraut, Executive Director of the American Psychological Society (APS), the national organization devoted to the research base for psychology.

The American Psychological Society is strongly in favor of increased funding for the National Science Foundation, and we support the Administration's goal of a $3.2 billion budget by FY 1994. But we also believe there are important funding issues that must be addressed regardless of the "bottom line." Today, I will address the agency's fiscal policies that have implications beyond any single annual budget. Specifically, the APS is calling for: (1) the elimination of inequitable funding within NSF research programs; (2) the establishment of a stable funding policy; and (3) support for a long-term planning effort.

My comments are addressed specifically to the behavioral and social sciences, where stable funding is essential to maintaining a vital core of research. First, I wish to express our strong support for NSF investigating the establishment of a separate directorate for the behavioral and social sciences as the mechanism for achieving the fiscal policies outlined above. Recently, this proposal was recommended for study by a National Summit Meeting of over 65 psychological research organizations held under APS auspices and by NSF's own Advisory Committee on Biological, Behavioral and Social Sciences. We urge the Appropriations Subcommittee on NSF to exercise strong oversight in this matter and to direct the NSF to make this study a priority.

Funding Issues

Our position is based on some assumptions about NSF's mission. The fundamental assumption is that basic research is essential to our advancement as a society and as a nation and has benefits that far outweigh the economic investment. Basic research is one of the core obligations of the federal government, along with national security, education, environmental protection, and other of the primary government responsibilities.

Our other assumption is that support for basic research should be insulated from pressures to evaluate grant proposals on the basis of anything other than the scientific merit of the research itself. One of the main reasons that NSF was established as an independent agency was so that it would not be subject to the political or administrative pressures often present in other government agencies. However, it appears that such pressures do exist within the Foundation, as signaled by the inequality that has characterized funding for the behavioral and social sciences for more than a decade.

The disparate funding has continued at NSF despite the increase in support for psychological, behavioral, and social science research in Congress, the National Academy of Sciences, the National Institutes of Health, and the Alcohol, Drug Abuse and Mental Health Administration. This recognition and support is gratifying, but we are concerned because it has not translated into more equitable funding policies at the NSF.

The disparity is compounded by the fluctuating funding being experienced in NSF's programs for these sciences. At a minimum, NSF and the directorates within it should be able to count on a firm commitment to steady funding over the course of several years, as is appropriate for the long-term nature of basic science. However, this has not been realized, either for the NSF as a whole, or particularly, for the Biological, Behavioral, and Social Science Directorate, in which we are most interested. This trend has created a "stop-and-go" atmosphere among researchers -- one not conducive to attracting the best scientists to apply for NSF grants.

Structural Issues

The nature and importance of behavioral and social science research have been well-documented in numerous reports and legislative testimony. The NSF should be a strong source of support for this research. Throughout the previous decade, this Committee has heard from the behavioral and social sciences concerning the perennial problem of insufficient and comparatively low NSF funding for their areas of research. Originally, this funding problem was thought to be the result of the overt ideological criticism expressed by the White House in the early 1980s.

Now, however, we have come to believe that it is the result of a structural problem within NSF; specifically, that the those within the highest levels of NSF who speak for the behavioral and social sciences are not from those disciplines and do not have the requisite understanding of them. This circumstance must change for two reasons: one, to ensure that decisions about public funds are being made in the most responsible and well-informed manner, and two, to ensure that such funds are used to support the best science possible.

There is great potential for rapid advancement on a number of fronts within the behavioral and social sciences, among them how children learn mathematics; how biology affects learning; how attitudes affect behavior; artificial intelligence; factors influencing social development in children; and the biology of emotions. However, as in any area of basic research, the rate at which this potential will be realized will depend in large part on the level of funding. Funding, in turn, often depends on a level of understanding on the part of NSF's decision makers.

Such understanding does not exist among the agency's senior level decision makers with regard to psychological, behavioral, and social science research. This will continue to be the case as long as the current structure of the directorate that houses behavioral and social sciences remains. Therefore, we are recommending that NSF seriously study a separate Behavioral and Social Science directorate within NSF to be headed by a member of one of the relevant disciplines. This would ensure that critical decisions about research and funding are being made by those most familiar with the science, and would be an important step in establishing more equitable funding policies.

We urge this Committee to direct that NSF study the concept of a separate directorate for behavioral and social science research at NSF, and report back to the Committee before next year's appropriations hearings.

Long-Term Planning: A National Agenda for Behavioral Science

Regardless of the current funding issues, it is important to recognize that NSF is a major source of support for behavioral and social science research. NSF supports nearly one-third of the basic research conducted in the behavioral and social sciences in this nation. It accounts for nearly 8 percent of all basic research in psychology. Despite this significant expenditure, behavioral science research is funded according to a "de facto" agenda that is short term in its perspective and, for the most part, shaped haphazardly by individuals and forces outside the psychological and behavioral science community.

In order to promote the development of the long-term perspective needed for basic research, and to provide a framework for direction in behavioral and social science research, a Behavioral Science Research Summit was convened in January, 1990. Representatives of over 65 psychological and behavioral science research organizations met under the auspices of APS to begin planning a national research agenda for the behavioral sciences. Their fundamental objective was to develop long-range priorities and themes which are consistent with the nation's overall research agenda and which also address the most promising frontiers of basic research.

The Summit was organized by APS to provide the NSF and other federal research agencies with a long-term, stable approach to funding research and training in the behavioral sciences. We respectfully request that the Committee encourage NSF to follow the national behavioral research agenda planning effort in its own planning for behavioral and social science research funding.

Science Education

Like many others, APS is concerned about our nation's crisis in attracting young people to science, and ensuring that our general population is more scientifically literate. We have been and will continue to work with the Foundation and others to address the crisis. But we also think that psychology and social and behavioral science may have a unique role to play that has not yet been realized. First, issues of learning, teaching, and motivation are properly the areas of psychological research. We encourage the Foundation to incorporate more fully the findings of behavioral and social science research as they deal with science education. We have found too often that the prevailing attitude at NSF is, for example, if you want to teach physics to kids, ask a physicist how to do it. This ignores whole areas of relevant research about how science is best taught and learned.

Second, we encourage NSF to investigate how pre-college experiences with social and behavioral science will enhance efforts to interest young people in science in general. Pre-college science emphasizes learning about scientific methods -- about how science should proceed. At this point, children are often turned off to science by having to extract these scientific principles from examples in chemistry, biology, or physics. But those same principles are imbedded in the study of human behavior. Doesn't it make sense that children will be more attracted to science if it is presented in ways that draw on their immediate experience? Having first learned about what science has to offer them through the more intrinsically interesting questions about how people behave, how they think, and how they feel, students would be less intimidated and more interested about areas of science that previously seemed remote from everyday life.

Thank you for the opportunity to testify before your Committee concerning the National Science Foundation. I would be pleased to answer questions or provide additional information on our position.

TUESDAY, MAY 1, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

DR. JOSEPH SALOOM, M/A COM. INC., AND FOUNDING CHAIRMAN, COUNCIL ON RESEARCH AND TECHNOLOGY

Mr. TRAXLER. Mr. Atkins, you graciously volunteered to introduce our next and last witness.

Mr. ATKINS. Thank you, Mr. Chairman.

It is my pleasure to introduce Dr. Joseph Saloom, who is appearing before us to represent the Council on Research and Technology, CORETECH. It is a group of high tech companies in consortium with universities, concerned about federal funding for science and its effect on our economy.

Dr. Saloom is well known in Massachusetts for his work in supporting education and also for his ability to summarize ideas in a very brief period of time.

Mr. TRAXLER. Step right up. With that terrific introduction, Dr. Saloom, that summary certainly got our attention, and we are going to put your entire statement, of course, in the record.

Mr. SALOOM. We are going to move very, very fast. Thank you very much.

I am here on behalf of CORETECH, but if there is one message I want to leave—you have heard a lot from university people—is the value of National Science Foundation funding for the corporate community. I will just give you a few examples of that. We are a mid-sized company with plants in Massachusetts, California, Arizona, and New York, about $350 million in sales, about 7,000 employees. That is a mid-sized company.

It helps us in reducing our risk when we make new capital investments in new products, or new R&D, it helps us with actually the new product development area, where that fundamental work is applied. It helps us in a stream of new young graduates, particularly advanced degrees.

Lastly, and probably longest range—and I think a very, very important area—it helps us in the education of the elementary students and elementary schools with new programs for science and math in K through 12.

To give you a couple of examples, one from Michigan, just quickly. George Haddad four or five years ago was doing some work, partially sponsored by National Science Foundation—not totally by NSF. He came up with some new ideas on how to do profiling with a semiconductor, came to our plant, brought his students. Students worked, went back to him, I was on his advisory board, never really happened, but we ended up with some new products. We are working in products beyond silicone. This is the next generation of semiconductors, and we are now taking a lead. Right now we are one of the largest suppliers.

In development, when we are getting ready to start a program like that, we go to the university and they do a few little experiments, we take it back, we test it, we look at the market. If indeed that fundamental work looks fine, then we make our capital investment, so risk is reduced. It saves us risk.

In terms of new products, not only the stuff from George Haddad, but we visit other schools—Rensselaer, Georgia Tech, other schools—and we look at what they are doing in fundamental research, and we do that, and I can give example after example, products that come to our company that way.

In terms of supply of people, just interviewing is a very inexact process, but when we work with the students, we work with the principal investigator. The principal investigator is really an educator in many ways, so we look at him not only for a source of ideas, but his students that we work back and forth with, who are very educated. They come into our company running, very important.

The last area I will mention is essential—the training of the work force, particularly in science and math. We all know what those problems are, and when we built our new plant at Lowell to do perhaps the most advanced semiconductor work in the United States—where our principal competitors are the Japanese—we saw a community that was very rapidly growing with minorities.

In talking to Jim McMahon, he tells me there are 3,500 students in the 6th, 7th and 8th grade. We studied for a year about what we should do. We met the President of the University of Lowell, we met with Evan Dobell at Middlesex Community College, and we decided it was the 6th, 7th, and 8th grade where we should work.

We got at least one company sponsoring every 6th, 7th and 8th grade school. We were there every day with the students and the principal. We have honors day, we have meetings with the parents and teachers, we take them to science museums, we just do all kinds of things, and it is really exciting.

Our employees go there. We have Saturday classes, thanks to Middlesex Community College. We just overflow with students. We have our minority employees come and help with each of the courses—role modeling. They come to our plant and shadow our employees. The whole system is working. But National Science Foundation has some programs in this area that I think are very important to other communities throughout the United States.

I think it isn't just the money from National Science Foundation, and by monies I am talking—each of these programs are $50,000. They are not very expensive but what we can't do in industry—we are not teachers, we can't help develop the curriculum—work out some materials for them to teach a better science and math class to capture these 45 percent minority students that are in these classes—45 percent are minorities in the 6th, 7th and 8th grade—and the probability of going on to college anyway and studying science and math is dropping in this nation, and it is even worse when it comes to that proportion of women or minorities, and we all know the statistics. They are ready right now, and so we are doing something about it.

National Science Foundation has helped—not this particular community, but other communities of that type that have programs. Any time you apply for a program, make good proposals, you are just out of money. It is more and more of these inexpensive things that relate to education that are very important, so that is what I have to say.

I think the main thing is the corporate community is really involved. It isn't just the university people. We are very concerned.

Mr. **Traxler**. Well, we appreciate your testimony, and I think you make an excellent point about the transfer of the research, basic research at the university, and out of the university and into our production facilities, and into the real world.

Mr. **Saloom**. We are too small. We can't afford to do the R&D, we have to go there. We can't afford the consistency of research and the steadiness, and the fundamental nature of it. We can't capture the benefit. In many cases, people leave our company to go somewhere else. We can't capture the benefit.

Mr. **Traxler**. We hear you in terms of science and education, and that is a problem that the committee is especially troubled over, that we haven't been able to fund in the ways that we think ought to be done, either programs or adequate funding for programs. I don't know what we are going to do this year. If we have an extra dollar this year, I will tell you, it is going into science education.

Mr. **Saloom**. We think this whole doubling over this period that has been authorized—five years, I am not sure what it is—'93, '95, that whole mix. And I think in terms of education, please put in your mind that the individual investigator, to my point of view, is a trainer of two or three PHDs, or two or three master degrees. That information oozes out of all those programs in some way or another. It is up to us in industry to work with them, capture them, and to pull that product out for international competitiveness.

Mr. **Traxler**. We want to thank you for your presence today.

Do you have anything, Chet?

Mr. **Atkins**. Thank you very much.

Mr. **Traxler**. We are very grateful to you for coming down. Thank you, sir.

[The statement of Mr. Saloom follows:]

CORETECH COUNCIL ON RESEARCH AND TECHNOLOGY

TESTIMONY PRESENTED BY
DR. JOSEPH A. SALOOM, M/A COM, INC.
FOR THE COUNCIL ON RESEARCH AND TECHNOLOGY, CORETECH
BEFORE THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES
U.S. HOUSE OF REPRESENTATIVES

HEARING ON THE NATIONAL SCIENCE FOUNDATION FY 1991 BUDGET

MAY 1, 1990

My name is Joe Saloom. I am engaged in research and development with M/A COM, Inc., a mid-sized company with facilities in Massachusetts, Arizona, California, New Hampshire, and New York that manufactures microwave devices and components used in satellite communications, police radar, instrumentation, and military electronics. I am also founding chairman of the Council on Research and Technology, CORETECH. I would like to thank the committee for this opportunity to express CORETECH's views on the importance of increased appropriations for the National Science Foundation.

CORETECH is a coalition of 47 companies, 72 universities, 7 research institutes, 15 associations, and 7 affiliates. These organizations formed CORETECH over three years ago to be a corporate/academic voice for long-term investments in U.S. research and development. I am testifying today because we see increased funding for the National Science Foundation as a cornerstone in our efforts to maintain, and enhance, a vigorous scientific and technical community in this country. In particular, we want to emphasize the importance of NSF funding to this nation's corporate community.

Expansion of Basic Knowledge

NSF is key to this nation's R&D future because it is the only federal agency with science and engineering research and education as its sole mission. I'd like to begin by addressing NSF's key support for basic research in the academic community.

Such research by U.S. universities and independent research institutes is not removed from the commercial environment. A great deal of this research is conducted in conjunction with corporate scientists; furthermore, knowledge that is first gained in academic settings is often utilized by small, medium, and major companies. That's one of the main reasons that many of you -- nearly 250 congressional offices -- were visited by corporate as well as university scientists last week who were lobbying, in part, for increased NSF appropriations.

When M/A COM has a new idea or begins the development of a new device, it often turns to a university where fundamental work in the field is being conducted. For example, during this last year, we have introduced products and made joint bids for new research with Rensselaer Polytechnic Institute, the Georgia Institute of Technology, and Pennsylvania State University. At some point, all of these institutions have had relevant research sponsored by NSF. In addition, as we look for areas that may provide new products, M/A COM stays in touch with many universities that do research supported in part by NSF grants. For example, we are growing large crystals of compound semiconductors such as Gallium Arsenide, and the next compound semiconductor that appears to have advantages over silicon or Gallium Arsenide is Indium Phosphide. NSF has sponsored research on these compounds; we are following the progress of this research and will move into new areas when we see markets develop.

As the M/A COM examples illustrate, in order to have a healthy, productive R&D climate, we must constantly expand our base of scientific and technical knowledge. This is the underpinning for new and improved products and for advances that will improve our future. Much of this basic knowledge is developed in academic settings, and NSF provides a substantial portion of the funding for this research.

Education of the Scientific and Technical Work Force

NSF is also an important leader in education of our current and future scientific and technical work force. NSF's contribution to math, science, and engineering education takes many forms.

First of all, the basic research that NSF supports is an indispensable source of training for new scientists and engineers because students work with principal investigators on these projects. M/A COM has benefited directly from these students. Two summers ago, a student working for us, and his professor, helped us understand why one of our semiconductor chips was exhibiting low power handling capability at the low frequencies. NSF supported the background work and training of this student and professor. As a result of their research, we have a new commercial product. Moreover, the student had an opportunity to collaborate on a paper reporting on the research and was chosen as a scholarship finalist.

In addition, NSF funds a number of direct education programs that provide support and research experience for undergraduate and graduate students. These include graduate research fellowships and minority graduate research fellowships, as well as grants to institutions to provide research experience for undergraduates. The NSF also funds seminars to enhance the skills of undergraduate science and engineering faculty.

The NSF supports many programs to bolster elementary and secondary math and science programs. In part, these include programs to prepare future K-12 math and science teachers, seminars to enhance the skills of current elementary and secondary teachers, and projects to improve K-12 math and science curriculum.

The NSF cannot be expected to solve all of our concerns about U.S. math and science education. However, NSF direct education programs provide leadership for math and science education that mushrooms as other agencies and levels of government are also involved in scientific and technical education.

I would like to conclude by noting that the NSF receives approximately 3 percent of the total federal R&D budget. That's a small amount for an agency that holds such a leadership role in U.S. science and technology. In addition, I would like to applaud the Administration's budgets and the 1988 NSF authorization that support doubling of the NSF budget. Now we need appropriations to make the NSF doubling a reality. This is an important competitiveness measure that not only for the academic community; it is critical for the corporate sector as well. Thank you.

APPENDIX: EXCERPTS FROM "PRIORITIES FOR A DOUBLED NSF BUDGET THE CORETECH INDUSTRY - ACADEMIC PERSPECTIVE"

Introduction:
An Opportunity to Make a Difference

The Council on Research and Technology (CORETECH) endorses doubling of the National Science Foundation budget for the very same reasons that the industry and academic research communities formed CORETECH in 1987: The belief that innovative research and development is key to America's economic future, and that vigorous R&D requires long-term investment in basic research and related education.

If we are serious about our desire to achieve significant scientific and engineering progress, and to apply this science to product development, we need to make long-term investments in basic research today. In addition, if we want an educated, highly trained work force, we must invest in education and in research that supplies hands-on training. The proposed doubling of the NSF budget provides an identified, tangible opportunity to make these investments.

President Bush and Congress must be commended for their support of doubling of the NSF budget -- expressed in the President's 1989 [and 1990] budget message[s] and in congressional approval of the 1988 NSF Authorization, a five-year authorization that provides for doubling of the NSF budget by 1993.

Support for the doubled NSF budget reflects recognition that the United States' economy and general well-being are greatly enhanced by, and dependent upon, (1) innovative research and development; and (2) high-level education in science, engineering, and technology -- for scientists and engineers and also for a work force that is literate in science, math, and technology.

Overview of
CORETECH Recommendations

The National Science Foundation receives less than 3 percent of the total federal budget for R&D. Since its inception in 1950, NSF's primary missions have been support for the research of individual investigators and for science and engineering education, with the NSF centers program added as a priority during the 1980s.

NSF programs are an integrated whole. For example, research by individual investigators is a critical education tool; for the next generation of top researchers, we need high-level science, math, and engineering education; and, to be effective, both research and related education must be conducted in adequate facilities. In addition, centers provide forums for multidisciplinary research and training, which enhances education while tackling complex questions.

In the [CORETECH] recommendations, we maintain substantial NSF support for individual investigators because they are the foundation: Research-related education and multidisciplinary work depend on the presence of vigorous academic research. We also accept a tradeoff by increasing funding for centers at a slower rate while boosting funding for science and engineering education. Before turning to the recommendations, we should emphasize that substantial support for NSF is crucial to the United States research community, but NSF alone cannot meet all research and scientific and technical education needs. Therefore, along with our NSF-related efforts, CORETECH continues to advocate other federal policies that are important for a healthy research environment, as well as substantial, increased corporate support for research and education.

- It is clear that, in order to begin to provide adequate support for basic research and related education, the NSF budget must be doubled at least.

- Many NSF programs warrant a doubled budget in real dollars, but pressures to reduce the budget deficit lead to our recommendation for doubling in current, not constant terms. However, we must recognize that doubling in current dollars will not provide for actual doubling of the NSF research and education effort.

- Support for individual investigators is, and should remain, NSF's core effort -- because the research itself is important and because students receive valuable, unique training as they work alongside faculty. Therefore, the proportion of the NSF budget for support of research by principal investigators must be maintained at a minimum of 60 - 65 percent of the total budget.

- Development of our human resources should be one of the most important NSF goals. Therefore, within doubling of the NSF funds, a tripling of NSF science and engineering education programs' must be accommodated.

- In addition, within a doubled budget, NSF should fully fund its university research facilities modernization program. Because NSF cannot remedy the deterioration of academic research facilities alone, it should exercise its leadership to call for a government-wide academic facilities modernization effort.

- Finally, NSF funding for centers should be maintained at the present level, while adjusting for inflation. NSF should encourage significant corporate and state/local participation in present and future centers.

Corporate/University Perspectives: Vital for Corporate Competitiveness

NSF support for research is important not only to colleges, universities, and independent research institutes, but also industry.

- Corporations often rely on academic research to expand basic knowledge that is used to make better, more competitive products in both the long- and short-term.
- In addition, and perhaps most important, companies need scientists, engineers, and technicians from schools that have the physical resources and technical equipment to conduct state-of-the-art research and teach research techniques. This requires programs that support the development of faculty members, students, and facilities.
- Major corporations are seriously concerned about literacy in the United States' basic work force and see a strong relationship between scientific and technical literacy and productivity. Therefore, industry views programs focused on improving math and science education at the elementary and secondary levels as competitiveness measures.

Indispensable to University Research

NSF is the only federal agency with science and engineering research and education as its sole mission. Thus, it is both unique and a lifeblood of support for academic research. NSF funding of R&D in U.S. colleges and universities is critical for nearly every discipline. For example, NSF's portion of the total federal support for academic basic research includes an estimated

- 50 - 70 percent of the research in mathematics and computer sciences, as well as the research in biotic systems and environmental areas, including earth, atmospheric and ocean sciences;
- approximately 40 percent of the research in physics, chemistry, materials sciences, and astronomy; and
- over 30 percent of the engineering research.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

GEORGE NOLAN, NATIONAL AMERICAN INDIAN HOUSING COUNCIL

Mr. **GREEN** (Acting Chairman). The Chairman has asked me to convene this morning's session, and I gather Senator Akaka isn't here yet. But is Mr. Nolan here?

Mr. **NOLAN**. Yes.

Mr. **GREEN**. Why don't we start with you. This is Mr. George Nolan who is representing the National American Indian Housing Council.

If you will join us at the table, and we will put your prepared statement in full in our record, and you can tell us anything you would like.

Mr. **NOLAN**. Mr. Green, thank you. I will try to be brief. I know you have a schedule here that is pretty tight.

I would, with your permission, offer some written testimony from the Hopi Tribal Housing Authority. They asked me to relay that to you.

And also, from the same region, the Southwest Indian Housing Authority Association, SWIHAA, which is in the California, Nevada, Arizona, New Mexico area.

Mr. **GREEN**. We will also include that in the record.

You may proceed.

Mr. **NOLAN**. Thank you, Mr. Green.

Mr. Green and Members of the Subcommittee on VA, HUD, and Independent Agencies, I want to thank you for the opportunity on behalf of the National American Indian Housing Council, to provide comment on the 1991 Indian Housing budget proposed by the Department of Housing and Urban Development.

My name is George Nolan, and I am the Chairman of the National American Indian Housing Council.

I am also the Vice Chairman of the Sault St. Marie Chippewa Indians of Michigan. Our Council is a nonprofit organization comprised of 180 Indian and Alaskan native housing authorities working towards making decent housing possible for all Indian and native Alaskan people.

We represent 180 housing authorities which consist of 199 Alaskan-Canadian villages and includes 252 tribal governments.

Mr. Green, the National American Indian Housing Council requests funding for 6,000 units of HUD Indian housing. The approximate cost will be about $450 million for fiscal year 1991.

This amount would, we feel, begin to address the needs of a survey done by the BIA which indicates a need of about 93,000 units.

Even if we had these 6,000 units, it would be well into the next century before we begin to really meet the need. Zero funding was proposed for fiscal year 1991 Indian Housing Programs. This, in spite of the fact that substandard housing in Indian country represents 2 percent of the Nation's substandard housing, while the Indian population is only 1 percent of the Nation's total population.

Put another way, nearly 23 percent of housing in Indian countries classify as substandard, while the percentage of such housing nationwide is only 6.4 percent according to the 1980 census.

We believe that the HUD Indian Housing Program is a well managed program. As a measurement of that management success, for instance, in fiscal year 1989, 120 of 180 Indian housing authorities scored 70 percent or better in the administrative capabilities assessment, which is a measuring tool that sometimes is used partially for funding units. But it's primary purpose is to evaluate the management capabilities of Indian housing authorities.

I would like to invite Chairman Traxler, who is not here, but I would like to invite him to Indian country in Michigan to see firsthand about the need.

We believe that we have had some real good success stories out there. People Chairman Traxler's position and others on the committee, I am sure, would like to see the results of the dollars that are being spent. We can show you some excellent projects, and some of the things that aren't so nice, the needs that these people have.

I think I would like to do both that, and I would offer to the Chairman the chance to get a hold of our office or our tribe in Michigan, give him the chance to come and visit us and see firsthand, or someone from the committee.

Mr. GREEN. I'll certainly pass on your invitation to the Chairman.

Let me ask just one question. In the past, one of the critical points, it seems to me, has been not just the money available for the housing construction, but also the availability of sewer and water connections.

Mr. NOLAN. Right. And that is something that is somewhat of a sore point, because——

Mr. GREEN. That is not our subcommittee.

Mr. NOLAN. No. When you develop Indian housing, usually, you have to develop the infrastructure, also, and the responsibility for that, the dollars at least, is funneled through the HUD program.

It's generated outside of your particular jurisdiction, and we have—I am speaking from personal experience, we have handled it all right. We do run into troubles, and it doesn't always work as well as it should.

Mr. GREEN. Well, again, we thank you very much for your testimony. We will include all of the materials you have brought us in the record. We will convey your invitation to Chairman Traxler.

Mr. NOLAN. Thank you very much for having me here.

[The statement of Mr. Nolan and additional testimony for the record follows:]

NATIONAL AMERICAN INDIAN HOUSING COUNCIL
122 C Street, N.W., Suite 280
Washington, D.C. 20001

George Nolan
Chairman
(906) 635-6050

Virginia E. Spencer
Executive Director
(202) 783-2667
FAX 202-347-1785

TESTIMONY SUBMITTED TO THE UNITED STATES HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON VA-HUD AND INDEPENDENT AGENCIES, COMMITTEE ON APPROPRIATIONS, BY GEORGE NOLAN, CHAIRMAN OF THE BOARD OF DIRECTORS OF THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL

MAY 2, 1990

Chairman Traxler, and members of the Subcommittee on VA-HUD and Independent Agencies, thank you for this opportunity, on behalf of the National American Indian Housing Council (NAIHC), to provide comment on the FY 1991 Indian Housing Budget proposed by the U.S. Department of Housing and Urban Development. My name is George Nolan, I am Chairman of the Board of Directors of the National American Indian Housing Council, and I am also Vice-Chairman of the Sault St. Marie Band of Chippewa Indians of Michigan.

The National American Indian Housing Council is a non-profit organization comprised of 180 Indian and Alaska Native Housing Authorities working toward making decent housing possible for all Indian and Alaska Native people. NAIHC's membership of 180 IHAs represents 199 Alaska Native Villages and 252 Tribal Governments. In 1988 there were approximately 1.7 million American Indians and Alaska Natives in the United States. About half lived either on reservations or in other Indian areas.

Mr. Chairman, the National American Indian Housing Council requests funding for 6,000 units of HUD Indian Housing ($450 million) in Fiscal Year 1991. This amount would begin to address the current Indian housing needs by the end of the twentieth century. Instead of creating homeless we would be providing decent and safe homes for people who have been waiting years for housing assistance.

Since 1961, when the Indian Housing Program began, more than 60,000 homes have been built with assistance from the Department of Housing and Urban Development. Indian communities have made some progress improving living conditions with aid from the Federal government. However, housing is severely limited in Indian areas.

Most Indian reservations are remote and located miles from the nearest urban setting. What may seem like a long distance to us in the cities, a routine trip to town, often on hazardous roads and bad weather, may call for Indian people to travel 60-100 miles round trip to a market or shopping center or to the doctor for medical services.

In 1980, almost one quarter of all American Indians and Alaska Natives lived in housing that was dilapidated, substandard, overcrowded and in need of basic plumbing facilities. Today, hundreds of Indian homes are so deteriorated that thorough rehabilitation is required to meet an Indian familiy's needs. Indian homes by the thousands can not be rehabilitated and must be completely replaced, yet recent funding for Indian housing provides minimal assistance and the need for housing Indian people increases each year.

The Bush budget proposal recommends no new construction of Indian Housing for FY 1991. The Administration proposed zero funding in FY 1990, but Congress appropriated 1675 units or $134 million for new units, addressing 2% of the housing need in Indian Country. If adequate funding is not made available to address the needs of Indian people, we will ceaselessly prolong the problems of homelessness, overcrowding and underdevelopment of Indian communities.

According to a Congressional Research Service Report "Trends in Indian-Related Federal Spending, FY 1975-1991", Indian Housing trends in the Reagan and Bush administrations (FY 1982-1990) have fallen at an annual rate of $45.7 million or minus 19.9 percent on an average level of $228.7 million, while overall HUD spending has stayed almost the same, growing only $5.9 million a year on an average of $16.3 billion.

Chairman Traxler, these reservations, are **our** homelands. Our families have fought wars and died defending these lands. Now, these areas are reserved in perpetuity through sacred treaties and executive orders for our exclusive use to continue our way of living, our beliefs, societies, and personal securities. Our people for generations have made great changes in order to adapt to this world outside. The changes have been difficult to make because of the past failed policies implemented by this Federal government that were designed to cut budgets, promote self-determination and assimilation. Many relatives have left because they have given up all hope for a better way of life on their homelands. Many become homeless in the cities. Those of us that remain in these areas after so many years of physical and cultural genocide continue to be oppressed by the shattering problems brought about by the outside world.

According to the Indian Health Service, alcoholism and fetal alcohol syndrome death rates for American Indians and Alaska Natives is three times the national average, tuberculosis deaths are 4.2 times the U.S. and death by diabetes is 20.6 compared to 9.6 for all races in the U.S. The suicide rate of Indian teenagers is twice that of all other races.

Nearly one-fourth of all Indian families live in grossly overcrowded substandard houses, many without running water, electricity, or adequate sanitary facilities. Some of the homeless live in cars, tents or make-shift shelter, or move away from their families and homelands because transitional housing funds have not been available to Indian applicants. The Government Accounting Office (GAO) reported to Congress in 1988 that the Emergency Services Grant funds, "does not target veterans or Native Americans." ESG funds provide shelter, social services such as employment counseling and health services.

The Bureau of Indian Affairs 1989 annual housing needs survey shows approximately 93,000 Indian families waiting for housing assistance. In 1970 the figure was 63,000. Despite all the statistics documenting the problems to be solved, the last two Administrations' proposed budgets recommended little to offset or correct these things.

During this year and next, the National American Indian Housing Council is conducting a series of six field hearings to document the real need of Indian Housing. After two hearings held in Oklahoma, we have found **that the BIA study figures are too low**. According to testimony presented, the figures for housing needs are much higher than those reported by the BIA in 1989. HUD relies on the BIA Indian housing survey figures. In another example, in Alaska alone, according to a state study, 6,740 new units are needed, but the BIA survey reported that 5,246 new units were needed. NAIHC will submit the findings from the six field hearings to Congress in FY 1991.

Zero funding was proposed for FY 1991 Indian Housing Programs. This is in spite of the fact that substandard housing in Indian country represents 2 percent of the nation's substandard housing, while the Indian population is only 1/2 percent of the nation's total population. Put another way, nearly 23.3% of housing in Indian country is classified as substandard, while the percentage of such housing nationwide is only 6.4% in the 1980 Census.

Recently, the Metlakatla Housing Authority questioned HUD as to its decision to request no funding for new construction in the FY 1991 Budget. HUD responded,

> " the decision reflects a Departmental decision to concentrate its efforts and scarce monetary resources on the rehabilitation of existing housing stock. The Indian

> Housing Rental program currently has a vacancy rate of slightly more than seven percent. This represents over 1,500 units that are not being used to house eligible families."

The vacancy rate only amounts to about 8 houses per housing authority. This idea is fine, if applicants live in urban areas or in areas with vacant housing. In remote rural areas, such as Alaska, this idea will not work because of a shortage of homes and the relocation of Indian families is reminiscent of the relocation and termination policy of the 1950's that crippled some Indian communities for two generations.

This nation is obviously failing to meet the most basic need of safe, decent and sanitary shelter for a critical population of its American heritage. Efforts to supplement the federal Indian housing programs with non-federal money is hampered by two basic facts. There are substantial cultural, geographic and legal differences amongst the over 400 tribes and Alaska villages eligible for Indian Housing. The trust relationship with the United States Government which prohibits land alienation. This unique trust is essential to the survival of Indian tribes and also means that both conventional real estate lending practices and federal insurance and lending programs are, as a practical matter, unavailable to most Indians and Alaska Natives living in these traditional areas.

The Bureau of Indian Affairs (BIA) has the task of administering the trust relationship between the United States and the various Indian tribes and Alaska Natives. The BIA, manages the Housing Improvement Program, but remains consistent with the Administration by proposing no funds for new construction and requests $16 million for rehabilitation of exiting housing not covered by HUD. BIA predicts to rehab only 5% of the overall needs. The BIA, in its FY91 budget proposal, defers the responsibility of new construction of Indian Housing to HUD. And, HUD zeroed out Indian Housing new construction in the FY 1991 budget proposal.

The Department of Housing and Urban Development Reform Act of 1989 established a Commission known as the National Commission on American Indian, Alaska Native and Native Hawaiian Housing. This Commission will evaluate the elements adversely impeding the development of safe and affordable housing for American Indians, Alaska Natives and Native Hawaiians. This Commission can be a great help in meeting the housing needs of Indian people. The National American Indian Housing Council recommends full funding of $500,000 for the National Commission on American Indian, Alaska Native and Native Hawaiian Housing.

The HUD Indian Housing program is a well managed program that has shown success and growth over the years. For instance, in FY 1989, 120 of 180 IHAs scored 70% or better in the Administrative Capabilities Assessment (ACA). ACA is a HUD mechanism of evaluating management and for determining annual funding awards. The Indian Housing Program is effective and working to provide homes to the Indian and Alaska Native population, yet the program is zeroed-out annually.

In FY 1990 appropriations, Congress appropriated 1,800 units, and after sequestration we were able to obtain 1675 units. Those units helped, but we are still a very long way from meeting the needs of the 93,000 Indian families that live in substandard housing.

Mr. Chairman and members of the Subcommittee on VA-HUD and Independent Agencies, support our request of 6,000 units of Indian Housing to strengthen Indian reservation economies, promote employment and development, and provide incentives for individuals to better their lives and living conditions and provide a healthier and affordable environment in which to raise their children.

Together, we can acheive the goal of eliminating the tragic housing needs of this Country. It will take hard work, we are ready to work with you. Thank you for your attention and for the opportunity to speak with you.

HOPI TRIBAL HOUSING AUTHORITY

April 27, 1990

Bob Traxler, Chairman
House Sub-Committee on VA, HUD, and Independent Agencies
H-143 Capitol Building
Washington, D. C. 20515

The Honorable Chairman Traxler:

I write to you today concerning the budget appropriations for the drasctically needed HOUSING for the American Indian and Alaska Natives of this Great Propserous country of ours.

Since the inception of the National Housing Program, National Housing Act of 1937, the American Indian and Alaska Natives were not included. Only since the early 1960's were meager provisions made to include the Indians and the Alaska Natives. On June 29, 1988, President Reagan signed into law, the first National Indian Housing Act of 1988, which recognized and established the Indian Housing Program with it's specific HOUSING NEEDS; Why aren't appropriate funding executed, specifically to fund at least, 6,000 housing units annually. WHY is this being ignored? Chairman Traxler, since 1980, the administrative branch of the Federal Government has proposed zero funding for the Indian Housing Programs, and this year again, for the [illegible] Administration Budget proposal, the Honorable Secretary of H.U.D., Secretary Jack F. Kemp, executed the very same action, WHY?

There are numerous studies completed, I am certain you are aware of these from your term in Congress, that revealed the fact that the American Indian is the worst ill-housed group of people in this great, prosperous nation of ours. We have documented need for NEW HOUSING UNITS OF OVER [illegible],000 UNITS TODAY. This need will continue to grow as the Indian and Alaskan Native population grows.

This need reveals that we do not have any vacant homes, any homes available from any other source. The HOPE program and the Housing Vouchers will not address our housing concerns, WE NEED NEW HOUSING CONSTRUCTION FUNDS. Please, Chairman Traxler, we urgently request your assistance, the consideration by the Sub-Committee on VA, HUD, and Independent Agencies, the housing needs of the American Indian and Alaskan Natives and strongly recommend to the full House Committee on Appropriations adequate funding in the FY 1991 Budget proposal FOR AT LEAST 6,000 HOUSING UNITS FOR THE INDIAN HOUSING PROGRAM.

The Hopi Nation boast approximately 10,000 individuals today. In 1987, the Bureau of Indian Affairs completed a housing survey which revealed that at that time, we needed 700 homes, which included new and replacement homes. This survey also revealed that we need at least 400 homes to be extensively rehabilitated. On the Hopi Indian Reservation, there is considerable need for infrastructure. Most of the traditional villages have no water systems, no sewer systems and no provisions for electricity. Many many young families do not want these kinds of homes, they prefer the conveniences of the modern world, which is running water, sewer systems and electrical services. In order to accomodate these families, we need homes, infrastructure, water, sewer, electricity, roads. Chairman Traxler, we request your assistance for adequate funding for these required infrastructure of water, sewer, electricity and roads.

We are building these new homes away from the traditional villages to retain the authenticity of our tradition, traditional architecture, traditional construction and the traditional atmosphere as we continue to practice our religious activities in these villages. These traditional homes need extensive renovation, as they are hundreds of years old. An indication, O-aibi, one of our villages is worldly known as the oldest, continously inhabitated village in America.

Chairman Traxler, we are impressed by the initiatives and interest shown by Congress for housing, especially housing for the HOMELESS; housing needs of the American Indian and Alaskan Natives, about the housing conditions in Indian Country and again request that you make adequate provisions to address the Indian Housing conditions in the FY 1991 Budget. We all agree, I think, that at 6,000 housing units appropriated every year, it will take sixteen years just to meet the demand today, but at least that is an honest effort on everyone's part.

We want to work with you, help you and you help us in achieving our goal, The American Dream of Home Ownership for People Everywhere.

Sincerely,

Joseph Laban

Joseph Laban
Executive Director

cc: Board of Commissioners
President George Bush
NAIHC, Washington D.C.

Southwest Indian Housing Authorities Association
P.O. Box 698 Second Mesa, Arizona 86043 (602) 737-2556

Joseph Laban, President
Marilyn Chico, Vice-President
Clara J. Green, Treasurer
Patricia La Marr, Secretary

May 1, 1990

Congressman Bob Traxler, Chairman
House Sub-Committee on VA, HUD, and Independent Agencies
H-143 Capitol Building
Washington, D.C. 20515

The Honorable Chairman Traxler:

I write to you today concerning the budget appropriations for the drastically needed HOUSING for the American Indian and Alaska Natives of this Great Prosperous country of ours. My name is Joseph Laban, President of the South West Indian Housing Authority Association and as such, represent 46 Indian Housing Authorities from the states of Arizona, California, Nevada, New Mexico, and Texas, a total of over 360,000 population.

Since the inception of the National Housing Program, National Housing Act of 1937, the American Indian and Alaska Natives were not included. Only since the early 1960's were meager provisions made to include the Indians and the Alaska Natives. On June 29, 1988, President Reagan signed into law, the first National Indian Housing Act of 1988, which recognized and established the Indian Housing Program with it's specific HOUSING NEEDS; Why aren't appropriate funding executed, specifically to fund at least, 6,000 housing units annually. Why is this being ignored? Chairman Traxler, since 1980, the administrative branch of the Federal Government has proposed zero funding for the Indian Housing Programs, and this year again, for the 1991 Administration Budget proposal, the Honorable Secretary of HUD, Secretary Jack F. Kemp, executed the very same action, WHY?

There are numerous studies completed, I am certain you are aware of these from your term in Congress, that revealed the fact that the American Indian is the worst ill-housed group of people in this great, prosperous nation of ours. We have documented need for NEW HOUSING UNITS OF OVER 93,000 UNITS TODAY. This need will continue to grow as the Indian and Alaska Native population grows.

This need reveals that we do not have any vacant homes, any homes available from any other source. the HOPE program and the Housing Vouchers will not address our housing concerns, WE NEED NEW HOUSING CONSTRUCTION FUNDS. Please, Chairman Traxler, we urgently request your assistance, the consideration by the Sub-Committee on

VA, HUD, and Independent Agencies, the housing needs of the American Indian and Alaska Natives and strongly recommend to the full House committee on appropriations adequate funding in the FY 1991 Budget proposal FOR AT LEAST 6,000 HOUSING UNITS FOR THE INDIAN HOUSING PROGRAM

The Southwest area of the United States consist of Arizona, California, Nevada, New Mexico, and Texas, a total of forty-six (46) Indian Housing Authorities and an Indian population of over 360,000 people. Our housing need survey reveals that we need at least 8,400 units TODAY in this area alone!

Chairman Traxler, we are impressed by the initiatives and interest shown by Congress for housing, especially housing for the HOMELESS; housing needs of the American Indian and Alaska Natives, about the housing conditions in Indian Country and again request that you make adequate provisions to address the Indian Housing conditions in the FY 1991 Budget. We all agree, I think, that at 6,000 housing units appropriated every year, it will take sixteen years just to meet the demand today, but at least that is an honest effort on everyone's part.

We want to work with you, help you and you help us in achieving our goal, the American Dream of Home Ownership for People Everywhere.

Sincerely,

Joseph Laban

Joseph Laban
President

cc: SWIHAA Board of Directors
President George Bush
NAIHC, Washington, D.C.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESSES

HON. DANIEL AKAKA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

ROGER HAMADA, CLINICAL PSYCHOLOGIST AND FORMER ASSOCIATE DIRECTOR OF THE VETERANS ADMINISTRATION STRESS DISORDERS RESEARCH LABORATORY IN HONOLULU, HAWAII

RAY FIELD, FORMER CHAIRMAN, DEPARTMENT OF VETERANS ADMINISTRATION ADVISORY COMMITTEE ON NATIVE AMERICAN VETERANS

Mr. **GREEN**. Let me now call Senator Akaka, our former colleague, and we welcome you and those who you bring with you.

And we extend our congratulations.

Mr. **AKAKA**. Thank you.

Mr. **GREEN**. We will put all of the statements, yours and Mr. Fields and Dr. Hamada's in the record, and you may proceed as you wish.

Mr. **AKAKA**. Thank you very much, Mr. Chairman and Members of the committee.

I do appreciate this opportunity to testify before you on a matter of grave importance, not only to Hawaii's veterans, but to all minority veterans in our country.

Before I continue, let me introduce two individuals who share my concerns. With me are Dr. Roger Hamada, a clinical psychologist and former Associate Director of VA Stress Disorders Research Laboratory in Hawaii to my right, and Mr. Ray Field, a former Chairman of the VA Advisory Committee on Native American Veterans.

As you know, Mr. Chairman, my dear friend, the late Senator Spark Matsunaga, was a strong veterans' advocate. He brought to my attention the plight of minority veterans who suffer from post traumatic stress disorder, which is why I am here today.

I strongly urge the subcommittee to provide the necessary funds to conduct a minority PTSD study requested by Public Law 110–144, the VA, HUD and Independent Agencies Appropriations Bill for fiscal year 1990.

As you know, PTSD is predominant among men and women who served in the Vietnam conflict. Prolonged periods of fear, anxiety, anger and guilt continue to impeded their daily lives.

The National Vietnam Veterans Readjustment Study of 1988 found that PTSD is more prevalent among black and Hispanic combat veterans. However, this disturbing report failed to provide information on the effects of PTSD for the Asian-American Pacific Islander, or American Indian populations.

According to the 1980 census, 85,148 Asian Pacific Islander, or API, actively served in the Department of Defense during the Vietnam era. However, there are no official statistics in the number of API who served active duty in Vietnam, Cambodia, or its surrounding waters or air space, because the Department of Defense did not include API and American Indians as separate ethnic categories.

The Research Triangle Institute estimates that 1.1 percent of Vietnam veterans were Asian Pacific Islanders, and 1.5 percent were American Indians/Alaskans, based on a national probability sample.

The differing levels of combat exposure, the lack of social support within combat units, discrimination and racism contributed to the dysfunction of minority of veterans returning from Vietnam.

A minority study focusing on Asian Pacific Islanders and American Indians is desperately needed to obtain vital data critical in providing successful treatment for ethnic minority combat veterans.

Extensive study is also needed to acquire culturally sensitive diagnosis, research and treatment approaches for minority veterans. Many minority veterans are reluctant to pursue assistance from the Veterans Administration because previous military experiences have made them weary.

Language and communication barriers and the lack of cultural understanding further inhibit minority veterans from seeking assistance.

The National Vietnam Veterans Readjustment Study found that 80 percent of Vietnam veterans who currently suffer from PTSD have not been treated by the VA. Although the study did not take API and American Indian veterans into consideration, their lack of service utilization is considered to be higher.

The unique cultural differences of these minority veterans contribute directly to their low utilization. API and American Indian veterans are subject to greater risk and severity of PTSD. They should not be left standing in the cold unable to come in because the Federal Government does not hear them knocking on the front door.

A comprehensive minority study is desperately needed to gain vital information necessary to diagnose and treat these veterans who suffer from PTSD. I really hope that the subcommittee will recognize the importance of such a study and provide the necessary funds.

I thank you very much for this opportunity, Mr. Chairman, and would like to introduce Dr. Hamada.

[The statement of Senator Akaka follows:]

STATEMENT OF THE
HONORABLE DANIEL K. AKAKA
BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON VA, HUD & INDEPENDENT AGENCIES

MAY 2, 1989

Mr. Chairman and Members of the Subcommittee, I appreciate this opportunity to testify before you on a matter of grave importance not only to Hawaii's veterans, but to all minority veterans. Before I continue, let me introduce two individuals who share my concerns. With me here today are Dr. Roger Hamada, a Clinical Psychologist and Former Associate Director of the VA Stress Disorders Research Laboratory in Hawaii, and Mr. Ray Field, Former Chairman of the VA Advisory Committee on Native American Veterans.

My dear friend, the late Senator Spark Matsunaga, was a strong veterans' advocate. He brought to my attention the plight of minority veterans who suffer from Post-Traumatic Stress Disorder (PTSD), which is why I am here today. I strongly urge the Subcommittee to provide the necessary funds to conduct a minority PTSD study requested by Public Law 101-144, the VA, HUD and Independent Agencies Appropriations bill for FY90.

Public Law 101-144, passed on October 18, 1989, ". . . direct[s] that the VA, through the National Center for PTSD, study how best to provide outreach and treatment for minority Vietnam veterans who are experiencing PTSD and other psychological problems in readjusting to civilian life."

Although the Center was directed to conduct a study, no funds were appropriated for this specific purpose. Given the limited budget of the Center, and PTSD account in general, additional monies are needed to complete a comprehensive study of minority veterans with PTSD.

As you know, PTSD is predominant among men and women who served in the Vietnam conflict. Prolonged periods of fear, anxiety, anger and guilt continue to impede their daily lives. The National Vietnam Veterans Readjustment Study (1988) found that PTSD is more prevalent among Black and Hispanic combat veterans. However, this disturbing report failed to provide information on the effects of PTSD for the Asian-American, Pacific Islander, or American Indian populations.

According to the 1980 Census, 85,148 Asian/Pacific Islanders (API) actively served in the Department of Defense during the Vietnam era. However, there are no official statistics on the number of API who served active duty in Vietnam, Laos, Cambodia or its surrounding waters or airspace, because the Department of Defense did not include API and American Indians as separate ethnic categories. The Research Triangle Institute estimates that 1.1 percent of Vietnam theater veterans were Asian/Pacific Islanders and 1.5 percent were American Indians/Alaskans, based on a national probability sample.

The National Vietnam Veterans Readjustment Study oversampled Black and Hispanic veterans and found an increased prevalence of PTSD among these minorities. 13.7 percent of Whites who served in Vietnam were found to exhibit current PTSD and other psychological disorders, compared to 20.6 percent for Blacks and 27.9 percent for Hispanics. Therefore, it is believed that the occurrence of PTSD among API and American Indians is as high or even higher than Hispanics. However, since the study neglected API and American Indians, no known statistics are available.

Recent focus on this issue shows that Asian/Pacific Islanders and American Indians may be predisposed to additional risk and vulnerability in the battlefield, especially in Vietnam. Ethnocultural minorities were the victims of racism, discrimination and personal degradation because they were "different". API veterans were often used as examples of "what the enemy looks like" by officers and fellow soldiers. In fact, API veterans dressed and role played the Vietnamese during basic training. The stigma and continual comparison to the Vietnamese further added to the stress of being a minority in a predominately white military.

American minorities fought a war for a country which many of them considered to be racist and prejudiced against themselves and their families. Minority veterans were at a distinct disadvantage because of their social isolation, usually an API veteran was the only one in his unit. This intensified the conflict between the cultural value of unquestioning obedience to authority and their assimilation with the Vietnamese. The lack of cultural sensitivity by the Whites further aggravated this dilemma, and increased the awareness of minority vets to the similarities in appearance and culture between themselves and the Vietnamese.

The differing levels of combat exposure, the lack of social support within combat units, discrimination and racism contributed to the dysfunction of minority veterans returning from Vietnam. A minority study focused on Asian/Pacific Islanders and American Indians is desperately needed to obtain vital data critical in providing successful treatment for ethnic minority combat veterans.

An extensive study is also needed to acquire culturally-sensitive diagnosis, research and treatment approaches for minority veterans. Many minority veterans are reluctant to pursue assistance from the Veterans Administration (VA) because previous military experiences have made them wary. Language and communication barriers and the lack of cultural understanding further inhibit minority veterans from seeking assistance.

The National Vietnam Veterans Readjustment Study found that 80 percent of Vietnam veterans who currently suffer from PTSD have not been treated by the VA. Although the study did not take API and American Indian veterans into consideration, their lack of service utilization is considered to be higher. The unique cultural differences of these minority vets contribute directly to their low utilization.

API and American Indians, in general, underutilize mental health services for a number of reasons, including, but not limited to, the fact that mental health is a low priority for these ethnic minorities because there is a strong cultural disgrace and shame associated with "mental illness". Current data available shows that Asian and Pacific Islanders who do seek treatment are more severely disturbed than other ethnicities. More importantly, Asian and Pacific Islanders believe that mental illness is a result of organic or somatic factors and, therefore, present physical or psychophysiological symptoms.

Current "western" therapy practices are incompatible with "eastern" culture and values. The lack of data necessary to provide culturally-sensitive diagnosis, research, and treatment further aggravates the problem. Although Public Law 101-144 directed the National Center of Post-Traumatic Stress Disorder to study the problems of minority veterans, the lack of funding has restrained the Center from carrying out any major initiative in this area. The Center has begun to establish priorities and is working with experts in this field, however, comprehensive data on this issue is unavailable and, as such, hampers the ability of the Center and its experts from proceeding on an orderly course.

API and American Indian veterans are subject to greater risks and severity of PTSD. They should not be left standing in the cold, unable to come in because the Federal government does not hear them knocking on the front door. A comprehensive minority study is desperately needed to gain vital information necessary to diagnose and treat these veterans who suffer from PTSD. I hope that the Subcommittee will recognize the importance of such a study and provide the necessary funds.

Hon. Daniel K. Akaka
FY91 VA-HUD-Independent Agencies
May 2, 1990

RECOMMENDATION: I ask that $1.7 million in FY 1991 be provided to carry out a minority PTSD study directed in Public Law 101-144. The study will provide critical data necessary in the diagnosis, research and treatment of minority veterans who suffer from PTSD.

Dr. **Hamada**. Mr. Chairman and Members of the subcommittee, a recent congressionally mandated study, the National Vietnam Veterans Readjustment Survey, found that Black and Hispanic Vietnam theater veterans are suffering post-traumatic stress disorder or PTSD at rates substantially higher than White theater veterans.

No data for post-war adjustment problems among Asian/Pacific Islander, American Indian, and Alaskan Vietnam veterans are available.

Unofficial estimates are that more than 34,000 Asian/Pacific Islanders served in the Vietnam theater. Our clinical experience in Hawaii and that of clinicians elsewhere suggest that many of these veterans, their families, and their children suffer the effects of post-war adjustment problems, including PTSD, alcohol and drug abuse, depression, anger problems, social isolation, marital difficulties, and unemployment.

Knowing how many Asian/Pacific Island veterans are suffering and how they are suffering is important in order to plan and allocate appropriate resources and treatment. Unfortunately, such information is not currently available.

There are basically two systematic ways to obtain this information. One way is the treated care method and consists of counting the number of Asian/Pacific Island Vietnam veterans presenting for mental health treatment. This is an inadequate strategy for studying Asian/Pacific Islanders.

It is inadequate because research with nonveterans has suggested that, relative to their representation in the community, Asian/Pacific Islanders underutilize formal mental health services. This underuse is not due to reduced need but seems, in part, associated with strong cultural sanctions against discussing one's personal problems, against risking "losing face" for oneself and one's family by incurring the shame and stigma of seeking outside help for psychological problems, and because Western models of "talk therapy" are not consistent with their cultures.

Although no statistics are available, it is our impression that Asian/Pacific Island Vietnam veterans also underutilize services. This is despite their exposure to the universal stressors of combat and also to the unique stressors of being Asian in a war against Asians.

They report being singled out as "gooks" during training, being mistaken for the enemy and shot at by their own troops, and having their loyalties questioned in combat.

They experienced conflicts in cultural identity when they recognized kinship between themselves and the Vietnamese. They returned home to communities and families which reminded them of Vietnam.

Exposure to such extraordinary stressors should motivate these veterans to utilize available services, but they apparently do not. The treated case method should therefore not be used with this population.

The second method to obtain prevalence data is the "untreated case" methodology. This is more suitable for obtaining prevalence data among Asian/Pacific Islanders.

The method samples from and diagnoses disorders in the community at large. It is essentially the method used in the National Readjustment Survey. This approach is costly and requires identifying a random sample of Asian/Pacific Island veterans, locating them, and evaluating them for psychological disturbances using culturally sensitive instruments and interviewers.

Efficiency might be maximized by conducting the research in areas with high concentrations of Asian/Pacific Island peoples like California and Hawaii.

Further, this research might be conducted under the auspices of the National Center for PTSD which is mandated to study how best to provide outreach and treatment for minority Vietnam veterans.

For those who would argue that resources should go to treatment and not more research, I say that resources cannot be nationally allocated without such research, that this research, in fact, will serve as outreach and case identification for treatment efforts, and that it will promote culturally sensitive treatment which might increase utilization of these services. Without such research, the VA runs the risk of wasting resources. Research and treatment can, and should, go hand in hand.

Mr. Chairman, it is time that the needs of our Asian/Pacific Island veterans be acknowledged, identified, and attended to in a culturally appropriate manner. Accomplishing this research will go far towards this goal.

Mr. GREEN. Thank you, Dr. Hamada.

[The statement of Dr. Hamada follows:]

STATEMENT OF ROGER HAMADA, Ph.D.

Clinical Psychologist
Kahi Mohala Outpatient Services
and
Kapiolani Medical Center

Former Associate Director
VA Stress Disorders Research Laboratory
Honolulu, HI

May 2, 1990

Good morning Mr. Chairman. I am Dr. Roger Hamada, a clinical psychologist and former Associate Director of the Stress Disorders Research Laboratory of the VA Outpatient Clinic in Honolulu, Hawaii. I welcome this opportunity to join Congressman Akaka and Mr. Field in arguing for the importance of conducting research on Asian/Pacific Islander, American Indian, and Alaskan Vietnam veterans. I will restrict my comments this morning to Vietnam veterans of Asian/Pacific Islander heritage. I will address issues of the prevalence of post-traumatic stress disorder (PTSD) and other postwar adjustment difficulties in this group, their underutilization of mental health services, the need for culturally-sensitive mental health services, and collaboration between research and treatment efforts in understanding and treating combat-related disorders among Asian-Americans and Pacific Islanders.

I regret to report that I know of little progress in researching these issues since I last discussed them at the invitation of the late Senator Spark Matsunaga during a Senate Committee on Veterans' Affairs hearing in July 1988. As I stated at that time, Asian-American and Pacific Islander peoples have a proud tradition of service to the United States ranging from the heralded achievements of the largely Asian-American 442nd Combat Regiment and the 100th Battalion Combat Team during World War II, to service in Korea and Vietnam. Fully 85,148 of the American men and women who actively served in the Armed Forces during the Vietnam era were Asian/Pacific Islanders (1980 Census). To my knowledge, no statistics are available regarding how many Asian/Pacific Islanders served in the Vietnam theater (i.e., active duty in the Vietnam era in Vietnam, Laos, Cambodia, or in the surrounding waters or airspace of one of these three countries), primarily because the Department of Defense did not include this ethnic category as a separate category in their records. Based on a national probability sample, however, the Research Triangle Institute derived an estimate that 1.1% of Vietnam theater veterans (i.e., about 34,600) were Asian/Pacific Islanders and 1.5% (i.e., about 47,000) were Native American/Alaskan.

Prevalence of Combat-Related PTSD Among Asian/Pacific Islanders

There are, to my knowledge, no systematically-collected data regarding the prevalence of PTSD or other psychological disturbances among Asian/Pacific Islander Vietnam veterans. The recently completed landmark National Vietnam Veterans Readjustment Study (Kulka, Schlenger, Fairbank, et al., 1988) oversampled Blacks and Hispanics in order to estimate PTSD prevalence among these ethnic minority veterans. According to the findings of this definitive study, both Black and Hispanic veterans experience current PTSD at substantially higher rates than White veterans. Whites had a 13.7% prevalence of current PTSD, Blacks a 20.6% prevalence, and Hispanics a 27.9% prevalence. Even with differences in degree of exposure to combat stressors taken into account, Hispanics still had higher PTSD rates than Whites (48.4% vs. 27.9%). Apparently only between 7 and 25 Asian/Pacific Islanders were included in this study sample, too small a group on which to base any conclusions.

Despite the lack of reliable data, clinical observations and written and oral first-person accounts suggest that, in addition to stresses experienced by other ethnic minority veterans, Asian/Pacific Islander veterans suffered Vietnam-related stressors unique to them. For example, during basic training, the "gook syndrome" was systematically promoted, which consisted of the dehumanization of the Vietnamese on the basis of race. It was thought that the process of dehumanizing "the enemy" would desensitize soldiers to killing Vietnamese. Unfortunately for Asian/Pacific Islander soldiers, this process required that they deny their cultural similarities to the Vietnamese in order to become part of the fignting units on which their lives would depend in Vietnam. Ironically, many veterans report that they were singled out by NCO's and officers as examples of what gooks look like. Further, these soldiers were often required to dress in black pajamas and straw hats to play the parts of Vietnamese in training exercises.

Asian/Pacific Islander veterans report numerous instances in Vietnam of feeling conflict about being Asian fighting a "White man's war" against Asians. They describe having their loyalties questioned, being accused of spying, being shot at and/or challenged by their fellow GI's mistaking them for the enemy, and having their weapons taken away. They also report overidentifying with the enemy: being approached by Vietnamese villagers and children who considered them familiar and friendly; becoming aware of similarities between themselves and the Vietnamese in food, religion, appearance, family norms and values. More than one Asian/Pacific Islander veteran has painfully spoken of feelings that he was shooting a parent, sibling, or other family member when firing at the Vietnamese. Further, because there were relatively few Asian/Pacific Islanders in Vietnam, these soldiers endured these stressors and conflicts in isolation, not being able to share them with any other similar-ethnicity GI's.

Asian/Pacific Islander veterans continued to suffer in silence even after returning home from Vietnam. Like veterans of other ethnicities, they felt spurned by the American people and unwelcome. In addition, however, reuniting with their families and returning to their Asian-American communities served as constant reminders of Vietnam. It amplified the horror of their experiences fighting the Vietnamese people and renewed the conflict of identity they experienced in combat. Unfortunately, cultural norms deprived these veterans of the opportunity to use their families as a support system to come to terms with their Vietnam experiences because culturally, self-disclosure or disclosure of feelings were signs of weakness, and families did not ask about veterans' experiences in order to "save face" for the veteran and the family.

It may be argued that these factors, and others not discussed here, may render Asian/Pacific Islander Vietnam veterans particularly vulnerable to suffering PTSD and other postwar adjustment difficulties, perhaps even more so than Black and Hispanic veterans whom research has shown suffer significantly higher rates of PTSD than White veterans.

Underutilization of Mental Health Services

I know of no data pertaining to the utilization of mental health services by Asian/Pacific Islander Vietnam veterans. I have seen one reference to Vet Center statistics for a 6-month period (10/83-3/84) indicating that 0.5% (380/75,169) of veterans served by Vet Centers in this period were of Asian ancestry. Nevertheless, it is our impression in Hawaii, and that of clinicians elsewhere, that given their representation in the community and their apparent increased risk for PTSD and other disorders, Asian/Pacific Islanders underutilize formal mental health services.

It may be argued that Asian/Pacific Islanders do not utilize such services because they are peculiarly resilient or "invulnerable" to the effects of stress. For example, the Japanese-Americans have been termed a "model minority" because of their apparent success in assimilating Western culture. A growing body of research on the influence of cultural factors on psychopathology and on the utilization of mental health services among ethnic minorities in the general population strongly suggests that disproportionately low utilization of services by non-veteran Asian/Pacific Islanders does not necessarily reflect a low rate of psychopathology. Data based on utilization records of psychiatric hospitals and psychiatric wards of general hospitals and from community and university mental health clinics indicate a lower rate of service utilization by Asian/Pacific Islanders than would be expected based on their representation in the community population. However, those Asian/Pacific Islanders who do seek treatment tend to be more severely disturbed than other patients, suggesting that Asian/Pacific Islanders seek formal mental health treatment only when disturbances are relatively severe. A culturally sensitive interpretation of these data would take into account such issues as Asian/Pacific Islanders' very strong cultural prohibitions against admitting personal problems which they see as bringing shame and stigma on the individual and the entire family. Asian American cultures also tend to view emotional or psychological problems as associated with organic or somatic factors. Symptoms of emotional distress may therefore appear as physical problems such as headaches, nonspecific pain, general malaise, or other somatic complaints. People suffering these symptoms are more likely to present in medical rather than mental health settings. If diagnosticians are not culturally sensitive, there is a risk of misdiagnosis.

Many Asian cultures view mental health as the avoidance of morbid thoughts. This view may translate into an apparent fatalism or passive acceptance of one's experience. The Japanese phrase "shigata ga nai" ("it can't be helped") is an example of this view. This acceptance, combined with a strong cultural sanction against drawing attention to oneself by talking about one's personal problems and against embarrassing other people by asking about or listening to their personal problems, further deters Asian/Pacific Islanders from utilizing formal mental health services.

It is these and other cultural norms and factors, rather than any lack of need, which probably contribute to Asian/Pacific Vietnam veterans underutilizing mental health services. Some Asian/Pacific veterans also talk of being scorned by other veterans when seeking services, and describe being greeted by comments such as, "What is that gook doing here?"

Need for Culturally-Sensitive Services

Asian/Pacific Islanders may also underutilize formal mental health services because available services, which are based on a Western model of "talk therapy," may be culturally insensitive. Traditional therapy requires that patients be assertive in the sense of being willing to express their legitimate needs and feelings. Asian/Pacific Islander cultures, which place great value on group cohesiveness, encourage suppression of individual needs for the good of the family and social group. Western group therapy, one of the preferred modalities for treating combat-related PTSD, requires participants to at least listen to, and often to confront, the feelings and experiences of other participants. Asian/Pacific Islander cultures place a high value on "saving face" for oneself and other people by not drawing attention to oneself, one's family, or other people. Talking about personal feelings is considered shameful and embarrassing. One is also expected to avoid listening to other people talk about their feelings in order to spare them embarrassment and loss of face. When these cultural norms are manifested in behavior, Asian/Pacific Islanders are seen as repressed, resistant, and not good candidates for therapy.

I have spoken to Asian/Pacific Islander Vietnam veterans who have prematurely dropped out of treatment in Vet Center "Rap Groups." They have complained that they were not given an opportunity to participate or "tell their story." When asked what prevented their participation, these veterans often said that "the other guys needed it more" or that "If it was important, the leader would have invited me to talk." Their culture-based suppression of individual needs and deference to the group leader's authority did not match the Western assumptions of assertiveness and equality of power in group therapy.

Partially as a result of cultural insensitivity in mental health services, the majority of Asian/Pacific Islanders, even if they do seek formal services, drop out of treatment after one or two sessions. Further, word spreads in the tight-knit veterans' community about service providers who, "don't really understand" which further discourages the already reluctant veterans from seeking professional help.

Preliminary guidelines for working in a culturally sensitive way with Asian/Pacific Islander populations in mental health settings have been proposed. These should be disseminated more widely among mental health professionals working with veterans. The unique concerns of Asian/Pacific Islander Vietnam veterans should be incorporated into these general guidelines, and more research on the process of service delivery must be conducted in order to evaluate and refine these guidelines.

Collaboration Between Research and Treatment Efforts

It has been argued that enough research has been done and that it is time to dedicate resources to delivering services. I do not disagree with the general sentiment of this argument. I believe that research must clearly and imminently be tied to delivery of services to this too long underserved population. However, given the glaring lack of any systematic research on Asian/Pacific Islander veterans, the extrapolated high prevalence of war-related adjustment disorders in this group, the documented underutilization of services in nonveteran groups and suspected underutilization among veterans, and the strong arguments about apparent cultural insensitivity in most currently available services, I believe that services provided to these veterans which are to be in any way meaningful and effective must be guided by research. I fear that if this is not the case, efforts to provide services would be inappropriate, a waste of resources, and services would continue to be underutilized.

I further believe that research and service delivery can be a collaborative effort and need not be mutually exclusive. Community-wide epidemiological research can be viewed as an outreach effort both to collect prevalence data and to diagnose potential referrals for service providers. Assessment and treatment efforts may be informed by existing and emerging cross-cultural research. If treatment is well-received and utilization rates increase, any ongoing or planned research will be greatly facilitated because the science can be seen to yield immediate benefits, research participants will be more accessible, and data gathering can be made an integral part of treatment. Hence, both research and treatment efforts can benefit from such collaboration. Most important, a currently underserved and suffering population of Asian/Pacific and other ethnic minority veterans may receive more appropriate and long overdue assistance.

Structure

The beginnings of a structure for accomplishing the research/treatment collaboration described above is already in place within the DVA. The National Center for PTSD has been mandated to study how best to provide outreach and treatment for minority Vietnam veterans. The National Center has formulated an initiative to begin some limited data collection on minority veterans and to establish a cross-cultural laboratory in Honolulu as the first in a proposed national network of cross-cultural field laboratories (see Appendix). Should the National Center receive resources earmarked for carrying out this initiative, it can motivate an integrated, cohesive, managed effort to collect and disseminate much needed data. The National Center can also interface with the already-established PTSD Clinical Treatment Teams (PCT's) to provide the kind of mutually-enhancing research/treatment collaboration for which I have argued. Such a project would require startup and ongoing funds, a commitment from PCT's to collaborate with the National Center and vice versa, and more detailed, comprehensive, and methodologically sound planning.

This concludes my statement. I hope that this committee will support any effort towards learning more about and extending culturally-appropriate treatment to America's ethnic minority veterans. Thank you.

. . . humanity, even in war

Ethnic Identity and Vietnam: A Japanese-American Vietnam Veteran with PTSD

Roger S. Hamada, PhD*
Claude M. Chemtob, PhD**
Bill Sautner, MEd*
Robin Sato, MA***

Prevalence of reported cases of Post Traumatic Stress Disorder (PTSD) among Asian-American Vietnam combat veterans in Hawaii is disproportionately low. We argue that this is due to under-reporting rather than to actual low rate of occurrence. A case description is presented highlighting the unique difficulties of Asian-American veterans, not only while in Vietnam but also upon their return. It is postulated that these difficulties may increase Asian-American veterans' vulnerability to PTSD. It is further argued that these veterans may initially present with stress-related physical complaints in physicians' practices, rather than in mental-health settings. Guidelines for discriminating PTSD from other stress-related disorders are offered.

A number of Vietnam combat veterans continue to suffer problems of adjustment related to their wartime experience. Many of these problems are associated with post traumatic stress disorder (PTSD), including intrusive memories and nightmares of the war, anger toward an unsympathetic American public that had portrayed these men as perpetrators of an immoral war, and guilt not only for having survived the war when so many of their buddies had not, but also for behavior during the war (see Appendix A). In addition, many veterans suffer a form of PTSD in which they experience no lasting symptoms immediately after returning from combat but do begin to suffer disabling symptoms after extended delays.

Many Hawaii Vietnam veterans suffer adjustment problems associated with their wartime experiences. We suspect that a substantial proportion of these veterans are Asian-Americans who are not seeking help from specialized mental-health service providers such as psychiatrists and psychologists. These veterans, like other Asian-Americans, may be deliberately avoiding psychotherapy, and instead somatize and seek medical treatment for their problems.[1] Non-psychiatric physicians may therefore be providing the first points of contact between these veterans and the health-care system.

The purpose of this paper is to alert physicians who have Asian-American Vietnam veteran patients to the potential psychosocial conflicts experienced by these men, which may contribute to both somatic and psychological symptoms.

The nature of the Vietnam war — including the absence of clear lines of battle, widespread use of guerilla tactics, difficulty in discriminating between civilians and combatants, and the resulting high rates of casualties among civilians, women and children — no doubt contributed to the psychological trauma of Vietnam for veterans. Moreover, because the war was fought against an Asian people, it may be hypothesized that Asian-American veterans experienced Vietnam-related stressors that were unique to their ethnic background, in addition to all the other stressors experienced by veterans in general.

The unique stresses encountered by Asian-American soldiers stemmed, in part, from the promulgation by the military of what has been termed the "gook syndrome."[3,4] The "gook syndrome" was in essence the dehumanization of the Vietnamese people on the basis of race. Its component elements were race consciousness, ethnocentrism, victimization and a sense of technological superiority. In referring to the Vietnamese as "gooks" and "dinks," the military encouraged young soldiers into thinking of Vietnamese as less than human so that the moral sanctions against killing fellow humans would not apply to killing Vietnamese. The gook syndrome became an accepted norm, which if ignored, threatened one's survival. Leventman and Camacho[4] write: "Those GIs attempting to break away from the syndrome and humanize the Vietnamese risked social isolation from their buddies that could literally threaten survival, especially in combat" (p. 62).

Accepted for publication November 1987

* Veterans Administration
** Veterans Administration and University of Hawaii
*** University of Hawaii

Address correspondence and reprint requests to:
Roger S. Hamada, PhD
Stress Disorders Research Lab (151)
Veterans Administration
P.O. Box 50188
Honolulu, HI 96850

Asian-American soldiers were indoctrinated into the gook syndrome as emphatically and effectively as were the recruits of other ethnic backgrounds. Lifton[4] relates an anecdote about visiting the University of Hawaii where he met and appeared on a panel with a young leader of the "new Hawaiian nationalist" movement. Talking with him later, Lifton was surprised to hear that the young man had fought in Vietnam: "Like all the GIs, I just killed everyone. They were all gooks to us. . . . But when I came back [to Hawaii] and looked at all the faces in the shopping center, they looked just like all the people I killed. I felt very strange and very bad" (p. 215). Lifton[4] comments that this young man felt guilt not only about the killing but also about having, in the process, entered into the gook syndrome, since he was a non-white himself.

Ironically, while undergoing intense training designed to mold them into homogenous fighting units and being indoctrinated into the gook syndrome, some Asian-Americans were at the same time singled out critically by "non-coms" and officers because of their ethnicity. A Nisei marine corporal reported being identified as a gook in his training class. "I was used as an example of a gook. You go to class and they say you'll be fighting the VC (Vietcong) or the NVA (North Vietnamese Army). But then the person who was giving the class will see me and he'll say 'He looks just like that, right there.' "[1]

These are but two examples of the many race-related stresses encountered by Asian-American soldiers during the Vietnam involvement. Yet, to our knowledge, there have been no descriptions of PTSD among Asian-Americans. This paucity of information relating to Asian-American Vietnam veterans may be due, in part, to the fact that few such veterans seek help for Vietnam-related problems. According to the Vietnam Vet Center Program national statistics for the six-month period of October 1983 to March 1984, only 0.5% (380 out of 75,169) of the veterans served by Vet Centers were of Asian ancestry.[6] We believe that the low rate of help-seeking by Asian-American veterans stems most likely, not from a low prevalence of adjustment problems in this group, but rather from the well-known reluctance of Asian-Americans to share their personal problems with "outsiders," and from the shame with which psychiatric illness is regarded in this group.[7]

Asian-American and other veterans with war-related adjustment problems do, however, manifest physical as well as psychological symptoms. Significant correlations have been found in the general veteran population between PTSD symptoms and complaints of respiratory, gastrointestinal, nervous system and general health problems.[8] These complaints are in addition to the physical problems occurring secondary to drug and alcohol abuse experienced by veterans with PTSD who try to "self-medicate" against the intrusive dreams, memories, thoughts and feelings that are part of the disorder. Furthermore, as observed by Rogers and Izutsu,[6] "The constant concern for proper behavior and the stigma against mental illness are probably two explanations for the general tendency of the Japanese (as compared with Caucasians) to somatize all illness and to deny the possibility of an emotional component. Being 'ill' is a legitimate, socially acceptable manner of getting care; consequently, [Japanese-American] patients' complaints are usually physical" (p. 96).

Given this trend by Vietnam veterans with PTSD, and particularly by Asian-American veterans, to view physical symptoms as a more acceptable expression of adjustment problems than "mental" symptoms, it is likely that medical doctors and other primary health-care providers will be the first point of contact between these individuals and the health-care system.[3] Such physicians should therefore be sensitive to the possibility that some of their Asian-American patients who are Vietnam veterans and who appear to be functioning adequately in their daily lives may be suffering from symptoms of PTSD.

In light of the paucity of research relevant to the adjustment problems of Asian-American Vietnam veterans, the following case presentation is offered as an example of the unique conflicts that these veterans may be experiencing. This case is proferred as a step toward helping primary health-care providers become acquainted with the kinds of issues with which some of their Asian-American Vietnam veteran patients may be struggling.

Case Description

A 38-year-old Japanese-American served in the Army in Vietnam during 1968 and 1969. He was originally seen at the Vietnam Vet Center in Honolulu in June 1983. At that time, he presented with complaints of being increasingly disturbed by intrusive and involuntary recollections and memories of Vietnam. In addition, he noted an increase in his use of alcohol and was having increased marital problems. Following this initial contact, he was not seen again until September 1983, at which time he presented in acute crisis, voicing thoughts of killing himself, and appeared severely depressed. He was admitted as an inpatient. During this one-month hospitalization, he was treated for alcohol dependence and depression; he attended a post-traumatic stress-disorder therapy group twice a week. Following his discharge from the hospital, he continued to attend PTSD therapy group sessions regularly, as well as to see a Vet Center counselor in individual therapy. The following information was obtained during individual interviews with the patient.

The patient was born in Japan to a mother who was a Japanese national; his father, a Hawaii-born Japanese-American, was an enlisted man in the Army. The patient had lived in Japan until the age of 10, attending an American school. He recalls feeling singled out as most of his classmates were Caucasian, and he was teased about his ethnicity. Although he reports developing some warm friendships, he recalls having to protect his rights, sometimes by fighting.

The patient recalls his childhood as being characterized by "having too much responsibility, too fast." For example, he was often put in charge of his younger sisters, and was responsible for helping his mother with many household chores. As a result, he had little time to play with other children.

His relationship with his mother was characterized by conflict and anger. He recalls being hit with a ruler and being kept out in the back yard at night. He associated his mother's concern for his school performance with her efforts to maintain the family pride. He reported that his mother held personal and family pride above all other values, and this concern with upholding family pride pervaded all facets of his life. He recounts how, in response to his poor school performance, his mother told him that "[he] was better off dead." He stated, "[Mother] was always ashamed of our family."

When the patient was 10 years old, his father was transferred to Hawaii and brought his family with him. The boy's high school years in Hawaii were a troubling time for him. He reports having few friends and no girlfriends, cutting classes and almost flunking out of school. He chose to enter the military following high school, in part because his grades were poor.

Entry into the military had great significance for him. He seems to have perceived it as an opportunity to redeem himself for the shame he had brought to his family with his poor school performance. The significance of this passage into the military was further underscored by the actions of his paternal grandfather who, in the course of quasi-ritualistic talks with the patient, shared sake with him and talked of honor and of "*Bushido*, the way of the samurai warrior."

Joining the military was akin to entering the warrior class and being governed by the Bushido code. He resolved, as his grandfather had admonished, to "serve [his country] with pride." This meant that he should "always do [his] best, regardless of [his] own feelings and not to show cowardice in front of [his] friends. . . . Never be afraid." The patient summarized his understanding at that time of his duty as a soldier in the following way: "What it came down to [is], as a samurai, you owe your dedication to the emperor and, as a soldier, you owed your dedication to the president."

The patient reported feeling calm when he received his orders to Vietnam, in contrast to another soldier in his unit, who broke down and cried when he also received Vietnam orders. His father greeted the news of the son's assignment to Vietnam with silence, although the patient felt that his father was "a little scared" for him because his father had also been scheduled to go to Vietnam if he had not retired from the military. When his mother heard of his going to Vietnam, she showed little emotion except to exhort him to "just do your best."

In compliance with this strong personal and family mandate to be a "good samurai," he served with pride in Vietnam. As a combat engineer, he was decorated twice for valor, and was awarded a Purple Heart for wounds suffered in action. By earning these decorations, the patient had upheld his family honor and made his father and grandfather proud of him. In the military, he identified himself proudly as being from Hawaii and acknowledged that "guys from Hawaii . . . always put out a little bit more. What has to be done, they do it."

At the same time, however, the realities of war and military life began to erode the pride that he felt toward serving his country and toward his dedication to the president. Much of this taint derived from race-related incidents and issues. He was often singled out critically because of his race by officers and by fellow GIs who called him "gook." Once, an officer asked him if he spoke English.

His initial reactions to these racial slurs were to consider them a "big joke" and to laugh them off. He considered himself the "token Oriental" in his unit. However, as the racially insensitive comments continued, he began to feel offended and "took it too personally after awhile." At that point, he began fighting with the men who called him a gook, after which the frequency of these comments diminished.

In contrast to, and perhaps in part as a result of, his negative race-related experiences with fellow Americans, the patient reported a number of positive experiences with Vietnamese people. He related how he attended religious services outside the camp boundaries and spent his time among the Vietnamese villagers, how Vietnamese children would gather around to sit and talk with him. "Because I was Oriental . . . they all saw I used to understand more . . . it made me feel that they accepted me some . . . all Orientals."

The patient began to experience ambivalence regarding his loyalties and values — ambivalence together with confusion about whether he should identify himself more strongly with being an Asian or being an American. This ambivalence was catalyzed by the nature of the war in Vietnam. For example, as a combat engineer, he was required to knock down houses of Vietnamese villagers. This job became more and more difficult for him to perform as he began to relate the villagers to his own parents. "You relate to your own parents and somebody comes and knocks their house down. They may be Vietnamese, but they're still Oriental. It's hard not to feel something. . . . You have a conflict going on. Sometimes it's hard to do what's right versus to do what the Americans say to do."

Vietnamese people to whom he extended his friendship were often involved in, and were killed in military encounters with the Americans. An old man with whom the patient had shared cigarettes was killed while participating in an assault against the Americans. A woman and her young daughter who sold soft drinks to the soldiers were killed after blowing up two trucks and killing three Americans. The patient reported dreaming about this incident, particularly about how bullets had ripped the little girl's body apart. He related that as he looked at the girl's body, he thought about his own sister who was about the same age, and he was shocked by a strong feeling that "It's not a war anymore. . . . It's a wholesale slaughter. . . . That's all it is, just kill, kill, kill." This last statement represented a shift in the patient's perception of Vietnam from being a war of honor to being just a context for slaughter, where considerations of justice and fairness did not apply.

Another incident seems to have had a particularly personal impact on the patient. He was with his unit clearing vegetation and came under intense small-arms fire. As they returned fire, he saw an old Vietnamese woman firing a weapon at them with a child beside her holding ammunition. He and other soldiers fired at them, killing the woman and child. Although so many men were firing weapons that it could not be determined who actually fired the bullets that killed the woman and child, the patient described this incident as "I ended up killing another woman." The full impact of this incident only struck him some days later, after he had returned to the rear. He was in an NCO club, drinking, and thinking of the woman and child. "I just kept on drinking and drinking. That's where I got started. . . . I looked at the old lady and I was thinking of my mother. And I was looking at the kid and I was thinking of all my sisters. It was like killing your own kind. My own mother and sisters." The patient epitomizes the poignant and unique dilemma of many Asian-American soldiers who had been in combat in Vietnam: "At that time, it got to a point where it was like fighting your own people. . . . You were put in an impossible situation . . . it's like you were asked to fight against yourself."

Discussion

This man's experience, as described here, consisted of elements that are unique to him, as well as elements that were probably shared by other Asian-American GIs in Vietnam. The unique elements lie in the patient's family situation, including having a Japan-born mother and being raised during his early years on a military base in Japan. Because his family was less acculturated than a Japanese-American family in which parents were first- or second-generation Americans, there may have been a greater emphasis on the importance of family pride and shame in his family.

On the other hand, the patient's experiences in the military of being singled out because of his race, in negative ways (by fellow soldiers), as well as in positive ways (by Vietnamese children), were probably also common to other Asian-American GIs. In addition, his reactions to being involved in the deaths of Vietnamese civilians and the destruction of their homes and lands were probably also shared, to a greater or lesser degree, by other Asian-American soldiers. For these soldiers, then, the general stress of being of a minority group[4] was compounded by the unique circumstances of being at war with people of similar ethnic background.

(Continued on page 105)

IDENTITY *(Continued from page 102)*

Specifically, this man was indoctrinated as an American GI into the "gook syndrome," trained to dehumanize the Vietnamese. Hostile encounters with non-Asian GIs and friendly encounters with Vietnamese people weakened the effects of this indoctrination, however, so that he began to empathize with the Vietnamese people. This growing empathy was accompanied by his increasing identification with his own Asian-ness, an identification that was greatly strengthened by the distaste he felt for those aspects of his job that involved destroying the homes and property of, and taking the lives of Vietnamese women and children. These aspects of war had a great impact on him because he imagined his mother and sisters suffering as the Vietnamese women and children were suffering. It is also possible that this revived conflicts in his feelings toward his mother, exacerbating his discomfort over any residual angry feelings toward her. The resulting interactions between loyalties and identity and the guilt he experienced were not easily resolvable for the patient; it probably contributed significantly to his persistent depression, PTSD and substance-abuse problems.

In addition to race-related stressors, the patient also experienced the more universal traumas of combat. These traumas included having to dig mass graves for dead Vietcong, being wounded by shrapnel from a land mine, and witnessing the death of his assistant who was killed while operating the patient's machine. It may be postulated that for him, and perhaps for other Asian-American soldiers, race-related stress generally amplified the effects of more commonly experienced, combat-related stressors, thereby placing them at increased risk for suffering the symptoms of PTSD and other sequelae of combat in Vietnam.

One specific way in which race-related stress may have increased the risk for PTSD was by interfering with development of close interpersonal relationships between these GIs and their fellow combat soldiers. It has been argued[10] that the combat unit provided the all-important social context which allowed the numerous acts of violence required in combat, a context that permitted the individual soldier to begin to reconcile his actions with his inner beliefs and values. Being deprived of this social context and support would result in internal conflict and adjustment problems such as those our patient experienced. Stretch[4,11] has reported that the quality of social support received during Vietnam duty may either moderate or exacerbate PTSD symptoms associated with combat experience. He found that veterans who did not receive positive social support while in Vietnam had higher levels of PTSD symptoms than did veterans who did receive positive support from their fellow combat soldiers.

When they returned home from Vietnam, Asian-American soldiers tended, again, to receive little support from their families and to be given little opportunity to talk about and integrate their war experiences. Asian-American soldiers returned from combat to families in which implicit norms proscribed their discussing their war experiences or their feelings about these experiences. It is important for members of Asian-American families, particularly Japanese-American families, to conform to the group norm.[12] The norm in these families is for implicit, nonverbal, intuitive communication rather than for explicit, verbal and rational exchange of information. Family members rely more on non-verbal cues and physical contact for real communication.[7,12,13] Such a socio-emotional family context may work against the process of cognitive-emotional assimilation that Horowitz[14] theorizes must take place for the veteran to come to terms with the trauma experienced in war. The failure of this assimilation process results in the cycle of intrusive and avoidant symptoms that characterize post-traumatic stress disorder. In the case of Asian-American veterans like our patient, just being with his family may be a reminder of his traumatic experiences with Vietnamese women and children and may contribute to PTSD symptoms and depression.

Despite the hypothesized increased risk for PTSD and depression among Asian-American veterans, relatively few of these men seek psychological help for problems of adjustment. It may be thought that Asian-Americans are in some way "protected" or "invulnerable" to the effects of extreme traumatic stress. We know of no data, either formal or informal, which would support this contention. Rather, we would argue that low rates of help-seeking among these veterans is a culture-related phenomenon. Yamamoto and Acosta[15] report that the stigma of mental illness in Asian-Americans remains so great that, even among individuals who are third- and fourth-generation Americans, there is hesitation to admit to psychological problems. In addition, the Japanese-American veteran may view his military service and its sequelae as part of his obligation (Japanese *On* to his country.[7]

Symptoms of stress and depression may, instead, be revealed to outsiders as somatic symptoms. Data from Japanese-American college students indicate that they are more likely than Caucasian students to believe that mental illness is caused by somatic rather than psychological factors.[16] Furthermore, depressed Japanese-Americans report more gastrointestinal complaints than depressed Caucasian-Americans.[17] Given these culturally sanctioned means for expressing stress-related symptoms, it is very likely that Asian-American veterans suffering PTSD and depression will initially seek help from primary health-care providers. In our patient's case, we unfortunately do not know whether he had sought help for stress-related symptoms prior to contacting the Vet Center. Nevertheless, based on the research described above and on our own clinical experience, we would suggest that veterans who present with somatic complaints that may be tied to Vietnam-related stress or to current PTSD will tend to share the following characteristics with patients who are suffering general stress-related symptoms: Complaints of gastrointestinal or CNS symptoms or general health problems that do not have clearly established etiologies and are exacerbated by stress; histories of frequent job changes or periods of unemployment, often associated with problems with bosses or supervisors; histories of or currently experiencing marital problems; histories of overuse, abuse, or dependence on alcohol or other drugs.

In addition to these general characteristics, patients who suffer specifically from Vietnam combat-related PTSD will be more likely to range in age from near 40 to their mid-60s and be more likely to have experienced heavy combat in Vietnam. The most widely accepted definition of heavy combat incorporates some or all of the following: Firing at the enemy in a combat situation; repeated exposure to enemy fire with risk of being killed or wounded; seeing people killed or wounded or people who have been killed or wounded; being personally responsible for the death of an enemy; being wounded in combat oneself; being personally responsible for the death of a civilian and experiencing multiple tours of duty in Vietnam.

One or two questions about a patient's possible combat experience (Appendix B) can help the physician discriminate between patients possibly suffering PTSD-related stress symptoms and those patients suffering other stress-related symptoms. In cases of PTSD, it behooves the primary-care providers to be sensitive to the war-related and race-related traumas possibly contributing to symptoms, and to refer these men for adjunctive treatment to psychiatrists and psychologists who specialize in treating combat-related PTSD.

Appendix A

Diagnostic Criteria for Post-traumatic Stress Disorder[1]

A. The person has experienced an event that is outside the range of usual human experience and that would be markedly distressing to almost anyone.

B. The traumatic event is persistently re-experienced in at least one of the following ways: (It is specified as "delayed onset PTSD" if symptoms do not appear until after six months have elapsed since the traumatic experience.)

- (1) Recurrent and intrusive distressing recollections of the event;
- (2) recurrent distressing dreams of the event;
- (3) sudden acting or feeling as if the traumatic event were recurring (includes a sense of reliving the experience, illusions, hallucinations, and dissociative [flashback] episodes, even those that occur upon awakening or when intoxicated);
- (4) intense psychological distress at exposure to events that symbolize or resemble an aspect of the traumatic event, including anniversaries of the trauma.

C. There is persistent avoidance of stimuli associated with the trauma, or numbing of general responsiveness (not present before the trauma), as indicated by at least three of the following:

- (1) Efforts to avoid thoughts or feelings associated with the trauma;
- (2) efforts to avoid activities or situations that arouse recollections of the trauma;
- (3) inability to recall an important aspect of the trauma (psychogenic amnesia);
- (4) markedly diminished interest in significant activities;
- (5) feeling of detachment or estrangement from others;
- (6) restricted range of affect, e.g., unable to have loving feelings;
- (7) sense of foreshortened future, e.g., does not expect to have a career, marriage, or children, or a long life.

D. Symptoms of increased arousal (not present before the trauma) persists as indicated by at least two of the following:

- (1) Difficulty falling or staying asleep;
- (2) irritability or outbursts of anger;
- (3) difficulty concentrating;
- (4) hypervigilance;
- (5) exaggerated startle response;
- (6) physiologic reactivity upon exposure to events that symbolize or resemble an aspect of the traumatic event (e.g., a woman who was raped in an elevator breaks out in a sweat when entering any elevator).

E. The disturbance (symptoms in B, C, and D) has a duration of at least one month.

Specify "delayed onset" if the onset of symptoms was at least six months after the trauma.

Appendix B

Possible Questions for Assessing Degree of Combat Exposure[18]

The following questions are organized such that increasing combat exposure is associated with affirmative responses to questions farther down the list.

1. Were you stationed in Vietnam?
2. Would you say your unit was primarily combat, combat support, or service support?
3. Did you fire a weapon or were you fired upon in combat?
4. Did you see the death or injury of a U.S. serviceman?
5. Were you responsible for the death of an enemy who was in the military?
6. Were you wounded in combat?
7. Were you responsible for the death of an enemy civilian?
8. Did you serve a third tour of duty in Vietnam?

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National Center for Post-Traumatic Stress Disorder (PTSD)
Clinical Laboratory & Education Division

SUMMARY OF ETHNIC MINORITY INITIATIVE

Public Law 101-144 "...directs that the VA, through the **National Center for PTSD**, study how best to provide outreach and treatment for minority Vietnam veterans who are experiencing PTSD and other psychological problems in readjusting to civilian life" (October 18, 1989). Although no additional funding was allocated for implementing this mandate, the National Center has marshalled its existing resources to begin a comprehensive strategy to meet this new responsibility.

I. Expert Consultation Conference in Cross-Cultural Issues

On January 10, 1990 a meeting was convened at the Menlo Park Division of the National Center to establish priorities in the area of cross-cultural and ethnic minority issues. Experts from the University of Hawaii (Anthony Marsella, Ph.D.), University of California Los Angeles (David Takeuchi, Ph.D.), Stanford University (Amado Padilla, Ph.D.), and the Honolulu VAMC (Claude Chemtob, Ph.D. and Roger Hamada, Ph.D), assisted in a brainstorming session. In addition, experts in program evaluation from the VA (Rudolf Moos, Ph.D. and Ralph Swindle, Ph.D.) helped in identifying strategies for data acquisition and general conceptualization of the ethnic minority problem. Finally, representatives of the National Center contributed their expertise in PTSD in general (Matthew Friedman, M.D., Ph.D., Fred Gusman, M.S.W., Joan Furey, R.N., M.S., and Francis Abueg, Ph.D.).

Data from the National Vietnam Veterans Readjustment Study (NVVRS) were of greatest concern to the conference attendees. These data showed that the prevalence of PTSD among ethnic minority Vietnam veterans (Hispanics and blacks) is not only greater but among those sufferers, is more severe. Tantamount in importance was the dearth of data in Asian Americans and Pacific Islanders, American Indians, and Alaskans--samples which were not adequately represented in the NVVRS to generate any viable information.

II. Goals Established at First Cross-Cultural Conference

A. Establish Utilization and Symptomatology Among Ethnic Minority Combat Veterans in the VA

It was decided that the most cost-effective route to data collection in achieving this goal was to "piggy-back" on three major evaluation efforts currently in process or about to begin in the next few months. Actual methods of assessing critical variables such as ethnicity and level of ethnic identification with one's traditional culture were identified. The three evaluation efforts which provide an opportunity for the most expedient return of information are:

1. PTSD Clinical Treatment Teams (PCT's) and Specialized Inpatient PTSD Units (SIPU's) Evaluation under the direction of Robert Rosenheck, M.D. and the Northeast Program Evaluation Component under the aegis of the National Center.

2. National process and outcome evaluation of substance abuse units to be conducted by Rudolf Moos, Ph.D. and colleagues.

3. Mental Health Outpatient and Vet Center Survey to conducted by the VA Chief Medical Director's Special Committee for PTSD.

B. Establish a National Center Cross-Cultural Laboratory

The National Center will fund one cross-cultural psychologist position to be stationed in Honolulu, Hawaii. The aim of this position is to develop a core program to study Asian-Americans and Pacific Islanders and to foster collaborative endeavors within and outside the National Center. Although this person will work with Drs. Claude Chemtob and Roger Hamada, he or she will remain a member of the National Center staff.

Tentative plans include other cross-cultural "field laboratories" with concentrations on other ethnic groups. These plans are contingent on the apportionment of additional funding.

C. Review the Cross-Cultural Sensitivity of Assessment and Treatment in PTSD

A battery of psychometric instruments used in the diagnosis of PTSD among combat veterans will be reviewed by a panel of cross-cultural experts for any potential cultural bias and adequacy for ethnic minority populations. These instruments include some of the most recent developments in trauma research. In addition, existing treatment strategies in PTSD will be presented for review with the expectation that recommendations be made for how to enhance the cross-cultural sensitivity of our services.

D. Consult on an Ongoing Basis for Directions in the National Center Cross-Cultural Program

As a direct result of the aforementioned conference meeting, Dr. Anthony Marsella agreed to act as a consultant to the National Center in establishing future directions for the cross-cultural agenda. Dr. Marsella is a prominent, international expert whose honors include working with the World Health Organization as well as being Editor of the journal Cross-Cultural Psychology. He has assisted the Center in identifying additional experts in areas not covered in the first meeting.

III. A Coda on Available Funding

It should be acknowledged that the goals of this initiative are intentionally modest because of the lack of any additional monies to carry out this intitiative. The hope is, however, that the structure and established expertise of this consultant group and the work of the National Center will attract support to the needy population of ethnic minority combat veterans.

Mr. **Green**. Mr. Field.

Mr. **Field**. Thank you, Mr. Chairman, Members of the committee and Senator Akaka, for this opportunity to provide this testimony.

We native American veterans have lost a great friend, U.S. Senator Spark Matsunaga, and we celebrate his life. Because of Senator Matsunaga, native American veterans issues are now before Congress and our views are being sought and being heard.

We have an advisory committee for the Department of Veterans Administration. We met in Albuquerque, Seattle, Anchorage and Honolulu, in addition to two meetings in Washington.

At those meetings, we met many combat veterans whose issues we were addressing. We have found that there are native Hawaiian Vietnam veterans living in the streets in Honolulu and in the hills of the Hawaiian Islands uncared for and untreated for PTSD.

There are American Indian vets who are living on reservations and sleeping in abandoned cars and in culverts. We do not know the number of these guys and the circumstances, but there are many.

We have met and talked with some of them. These guys didn't dodge the draft, and more often than not they volunteered for combat, because their country called.

The Department of Veterans Administration contracted Research Triangle to conduct a $3.1 million PTSD study. Completed in 1988, the cost escalated to over $10 million. Our people were not included as a target population.

Dr. Gronvall then DVA Chief of Medicine of Surgery testified at a Senate Veteran Affairs hearing that to conduct a PTSD study for native American veterans would cost $1.7 million and would not be cost-effective. And the findings of the $10 million study could be extrapolated to cover information about us.

I would like you to differentiate the lack of understanding that DVA reflected in that report. I understand, of course, this is an OMB argument, but our cultures and traditions as warriors are substantially a variance with mainstream society, and fighting and killing Asian brothers and sisters impacted on us differently than the White soldiers.

Moreover, in Vietnam, we suffered racist comments, and I ask you to please excuse the language, but these are the terms that were used: Chief, Red skin, pineapple, blanketass, slopehead, and there are others.

And certainly these terms made many of us who were in combat review our participation in that war.

I quote Senator Matsunaga, "Recent scientific study points to evidence that Asian American veterans experiences of the Vietnam war was qualitatively different from that of their White counterparts."

Strangely enough, these terms that were applied to us were only done in base camp, never on operations. The questions I would ask OMB and Dr. Gronvall in their denial testimony at the hearing on June 14, 1988 was that because our cultures are so different and the treatment of warriors who return back from war is different, and our values as far as seeking help are so different, how can the PTSC study be extrapolated to cover that information, and how can that extrapolation include the cultural and traditional differences of our peoples?

Thank you.

[The statement of Mr. Field follows:]

THE U.S. HOUSE COMMITTEE ON APPROPRIATIONS
SUB-COMMITTEE ON DVA
AND HUD AND INDEPENDENT AGENCIES
HEARING ON 2 MAY 1990

TESTIMONY OF RAYMOND C. FIELD

Thank you, Mr. Chairman, members of Congress and Congressman Akaka for the opportunity to provide this testimony.

We, Native American veterans, lost a great friend, U.S. Senator Spark M. Matsunanga and we celebrate his life. Because of Senator Matsunaga, Native American veterans issues are now before Congress and our views are sought and being heard.

There are Native Hawaiian Vietnam vets living on the streets in Honolulu and in the hills of the Hawaiian islands uncared for and untreated. There are American Indian Vietnam vets living on reservations and sleeping in culverts. We do not know the number of our guys in these circumstances but there are many. We have met and talked with some of them. These guys didn't dodge the draft and more often than not, volunteered for combat because their country called.

The Department of Veterans Affairs contracted Research Triangle Inc. to conduct a $3.1 million PTSD study. Completed in 1988, the cost escalated to over $10 million. Our peoples were not included as a target population. Dr. Gronvall, then DVA Chief of Medicine and Surgery, testified at a Senate Veterans Affairs hearing that to conduct a PTSD study for Native Americans would cost $1.7 million, would not be cost effective, and the findings of the $10 million study could be extrapolated to cover information about us. Our cultures and traditions as warriors are substantially at variance with mainstream society, and fighting and killing Asian brothers and sisters impacted on us differently than the white soldiers. Moreover, in Vietnam, we suffered racists comments from white soldiers, e.g., "chief", "redskin", "pineapple", "blanketass", "slopehead", and certainly made many of us review our participation in the war. I quote Senator Matsunaga: "recent scientific study points to evidence that Asian-American veterans experience of the Vietnam war was qualitatively different from that of their white counterparts."

I ask the following questions of the Department of Veterans Affairs:

* 1. Given the premise of the DVA Advisory Committee on Native Americans reports of Feb 1987 and Feb 1989 that the culture and traditions of American Indians and Native Hawaiian veterans differ substantially from non-Native American veterans, how can the findings of the Native Vietnam Veterans Readjustment Study reflect those differences in the application of those findings.

* 2. Since many Native Hawaiians and American Indian veterans utilize traditional medicines and ceremonies upon return from war, how will the DVA incorporate these practices into PTSD treatment without knowledge gained from a specific study?

* 3. How can DVA develop statistics and reasons why both American Indians and Native Hawaiians underutilize DVA facilities and services without a specific study?

* 4. Does DVA plan to expand the numbers of Native Hawaiians and American Indians involved in outreach, counseling and treatment?

We request an appropriation of $1.7 million, the amount estimated by Dr. Gronvall, to find an examination of the effects of PTSD on Native American veterans.

Mr. **Green**. Mr. Coughlin?

Mr. **Coughlin**. We appreciate your testimony very much.

Congratulations to you, Senator, I would like to say first of all.

Mr. **Akaka**. Thank you for being here.

Mr. **Coughlin**. The study you are looking at is really directed at native Americans and Hawaiians, as opposed to other minorities; is that correct?

Mr. **Field**. Yes, sir.

Mr. **Akaka**. It brings in the Asian American's community and the American Indians.

Mr. **Coughlin**. Right, as opposed to other Blacks or Hispanics or other minorities?

Mr. **Field**. Yes, sir.

Mr. **Coughlin**. Thank you, Mr. Chairman.

Mr. **Green**. We thank you very much, Senator. Again, our congratulations to you. Well put.

Wednesday, May 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

HON. MARILYN LLOYD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mrs. **Lloyd**. It's an honor to be here with my colleagues. I appreciate the leadership and certainly your thoughtful considerations of my concerns.

This is my first year as Chairman of the Select Committee on Aging, Subcommittee on Housing and Consumer Interests, and one of my goals is to establish dialogue with this committee and also the Subcommittee on Housing and Community Development.

By working together, I think we can find better ways to serve. We all know that the graying of America is a reality, and it's especially true when we consider our housing policies, just as we do in retirement programs.

But I think we have really ignored the growing demand for housing for the elderly in the past nine years, and I think one of our goals should be to provide a decent place to live for all Americans, especially those that are in such dire need.

I do want to reach out and give you justification for a few programs that are very important to me, and also to pledge my support in trying to help you see that this legislation becomes a reality.

As you know, we do look into the programs and analyze and try to give you our perspective as members of the Select Committee on Aging, and I do really want to express my support for Section 202 program for the elderly and disabled and also the Housing Services program, Congregate Housing Services program, which I think is so very important.

It provides supportive service to the frail and the 220 program for lower income older Americans and handicapped people. These are great success stories.

I think the Congregate Housing Services programs is especially important because it allows us to use our Federal and state dollars in a most cost-effective manner. It allows us to save on our medicare and medicaid expenditures.

At the same time, it allows our seniors to live in their homes where they can be happier. Certainly all of us would rather see our loved ones in their homes rather than in nursing homes.

The 202 housing program is one of our great success stories, and it's one of the best ones that the Federal Government has ever enacted. And it serves the poor, works well, and it should be growing. It should not be shrinking.

I do ask for full funding for the Congregate Housing Services program at $10 million. I recently introduced legislation with Mr. Vento to expand the CHSP program, and to convert into Federal, state matching arrangements.

This bill is being marked up this week. Mr. Vento intends to offer this bill as an amendment, and we hope it can be funded in through the supplemental or for the fiscal year 1992 budget. I hope we can look at it, but certainly we need the $10 million.

Also, I would like to request that you restore funding for a minimum of 12,000 Section 220 units for the elderly and handicapped. This is a modest move back to the 1987 level, and certainly it's below the 20,000, you know, that was recommended by the 1981 White House Conference on Aging.

And Section 8 Rental Assistance Subsidy should be funded, along with the 220 units, as well.

Then I would also like for you to consider again this year the funding that was included last year in the Secretary's discretionary funding for $225,000 for the homeless shelter in Chattanooga, Tennessee. This was a program called Room in the Inn, a program for homeless women in Chattanooga that go from one church recreation room to another on a nightly basis.

They are bag ladies that take their possessions. They do not have a permanent place to keep these ladies. It's a successful program in rehabilitating women, and I hope that we can include that this year. This is one of the most worthy programs in my district.

I do want to express my appreciation for your concern and the leadership that this subcommittee provides for funding for all the assistance housing programs at a minimum of the current levels, and I do want to continue to work with you and see not only that these programs do receive the merit funding they deserve, but also look at programs that do help women.

Certainly they are overrepresented in the frail and the vulnerable and the number of them that are living in poverty. I think we certainly need to give greater interest to the women.

Thank you very much for your help, and I ask unanimous consent that my entire statement be made a part of the record.

Mr. **Green**. Without objection.

I certainly remember the Room at the Inn program as one of the very fine programs that we did include in last year's bill.

Unfortunately, we have had some problems getting the people of HUD to move ahead on the specific projects that we had included, and we face a difficulty this year that last year's HUD Reform bill eliminated the Secretary's discretionary fund for future years.

Mrs. LLOYD. I think that this is being included in the Senate bill at this time and will give it certainly every consideration this year.

You know, most programs for women that are homeless have a base of some sort of bill in, but these women have no room over their head, no roof over their head. They literally go from one church recreation room or whatever they have at their church to the next, and they do need a permanent shelter.

Mr. GREEN. We certainly found it was a very, very worthy project.

Mrs. LLOYD. I appreciate all your help.

Mr. COUGHLIN. We appreciate our colleague appearing here to testify. I must say, it's unusual for us to be a member of the majority in the subcommittee.

Mrs. LLOYD. I appreciate your leadership and your consideration.

Mr. COUGHLIN. We appreciate your testimony and are sympathetic to your project.

Mrs. LLOYD. Thank you very much.

[The statement of Congresswoman Lloyd follows:]

TESTIMONY OF

REPRESENTATIVE MARILYN LLOYD

CHAIRMAN OF THE

SUBCOMMITTEE ON HOUSING AND CONSUMER INTERESTS

SELECT COMMITTEE ON AGING

ON THE

FY 1991 VA, HUD, AND INDEPENDENT AGENCIES

APPROPRIATIONS BILL

BEFORE THE

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

MAY 2, 1990

Chairman Traxler, I would like to thank this distinguished panel for allowing me to present my views on several housing issues this morning. It is a particular pleasure to come before you, Chairman Traxler, because I respect the way that you have shown immediate leadership on this subcommittee. I also consider you a friend and have always appreciated your thoughtful consideration of my concerns.

As you may know, this is my first year as the Chairman of the Select Committee on Aging's Subcommittee on Housing and Consumer Interests. One of my primary goals as Chairman will be to develop ongoing dialogue between my subcommittee and your subcommittee and the Subcommittee on Housing and Community Development. I hope that we can serve the public better by providing you with the best information available regarding their needs and desires, and what has been found to be the best ways to serve them.

This morning I will not repeat statistics that we all have heard before. Suffice it to say that the graying of America is a reality that we need to consider when developing housing policy, just as we do in developing retirement and health care policy. We have ignored the growing demand for housing for the elderly during the past nine years. We have certainly been headed in the wrong direction if it is our goal to provide a decent place for all Americans to live. This committee knows too well how the appropriations levels have fallen in the area of housing.

Mr. Chairman, my mission here today is to offer sound justifications for a couple of programs that I know have worked in my home State of Tennessee and across the Nation, and to offer my assistance to this committee in garnering the support necessary to provide for these programs.

I do not do this without serious consideration of the issues and competing interests. The Aging Committee has the luxury of investigating programs and ideas, analyzing program effectiveness, and developing an agenda for improving the quality of life for older adults. I offer to you our perspective on the right things to do. On the other hand, I will not take the time of this committee to recite the findings of each of my subcommittee's studies of the Section 202 program for the elderly and disabled or the Congregate Housing Services Program (CHSP). That material is available to all members, and I am more interested in boiling down that kettle full of facts and figures for your easy digestion.

Simply stated, Mr. Chairman and members of this subcommittee, the Congregate Housing Services Program, which provides supportive services to the frail, and the Section 202 housing program for low-income older Americans and handicapped persons are success stories - they do their jobs very well. These two programs effectively address the problems they were designed to solve. We should no longer allow programs that accomplish their goals to be underfunded.

The CHSP prevents unnecessary and premature institutionalization, and it provides opportunities for persons to leave institutions and return to the their communities where the quality of their lives is enriched immeasurably. This saves the Federal and state governments millions of dollars in Medicare and Medicaid expenditures. And I can not imagine one member of this distinguished committee who would prefer to see a loved one in a nursing home rather that in their own home; we all know that most older persons would like to remain in their homes as long as it is practicable, but they may need some assistance with the activities of daily living. CHSP services enable older adults to remain in their Federally-assisted housing units as they age.

The Section 202 housing program is one of the most successful housing programs that the Federal Government has ever enacted. It was created to provide housing designed to meet the special needs of frail older adults and disabled individuals. The program meets its goals very effectively, as proven by, among other things, its long waiting lists for units throughout the country. Vouchers can not do what 202 housing does, and buildings that haven't been designed with grab bars, elevators, and community space for congregate services can't do the job either. This is a program to serve the poor that works, and it should be growing not shrinking.

Chairman Traxler, I am here to request three things from you and your distinguished panel members. First, I am asking for full funding for the Congregate Housing Services Program, at $10 million. I have recently introduced legislation with Mr. Vento to expand the CHSP model and to convert it into a Federal/state matching arrangement. As this subcommittee knows, the housing reauthorization legislation is being marked up this week, and Mr. Vento will offer our bill as an amendment. I would hope that this subcommittee will look favorably on this proposal when it considers either a supplemental appropriations bill or funding for FY 1992, and if time permits this subcommittee to revisit the issue after the housing programs have been authorized. In the mean time, we need every dollar of the modest $10 million that has been authorized for CHSP.

Second, I request that this panel restore funding for a minimum of 12,000 Section 202 units for the elderly and handicapped. This is a modest move back to FY 1987 levels, and is far below the 20,000 units that was recommended by the 1981 White House Conference on Aging. Section 8 rental assistance subsidies should be funded for these 202 units as well.

Third, I request that you once again include in your list of worthy projects under the Secretary's Discretionary Fund $225,000 for the homeless shelter in Chattanooga, Tennessee. As you know, these funds will be used for the Room in the Inn shelter program which serves homeless women, and helps them to become contributing individuals in our community. I sincerely appreciate your guidance and assistance on this project last year, Mr. Traxler, and I am very hopeful that Mr. Kemp will follow the advice of the Committee this year and fund this critical effort in my district.

Finally, Mr. Chairman, I want to express my support for funding for all assisted housing programs at a minimum at current levels. We desperately need to provide funds for public housing operating subsidies and modernization, and we simply must keep building low-income housing or we will continue to build a larger and larger homeless population.

I would like to add at this point that women are the population in greatest need of the programs that I have discussed. Women are overrepresented in the frail and vulnerable very old population, and in the numbers living in poverty. This is of great concern to me because many of these women have played significant roles in our society - from raising children to holding our Nation together during World War II to helping to make the Nation a political and industrial giant - but many do not have pensions and economic security. We need to keep this in mind and assist them as much as possible.

In closing, I want to convey to this panel my admiration for the work you do. It is a difficult job you take on each year at this time, and I am well aware of the competing interests for the strained resources that you allocate. I believe that my requests are founded on the substantial information we have collected regarding the effectiveness of the CHSP and the 202 housing program and the unmet need that remains. Thank you very much for your consideration.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

EARL PHILLIPS, COUNCIL OF LARGE PUBLIC HOUSING AUTHORITIES

Mr. **GREEN.** Mr. Earl Phillips is representing the Council of Large Public Housing Authorities. We will put your full statement in the record, Mr. Phillips, and you may proceed as you wish.

Mr. **PHILLIPS.** Thank you, Mr. Chairman. I certainly appreciate the opportunity to come and to share with you some of the Council of Large Public Housing Authorities experiences this morning.

I certainly would like to recognize that this committee has truly been a mainstay of the public housing programs across this country, and during the past decade, and we, and I am sure I speak for all of the residents of public housing in this Nation, really owe you a great deal of appreciation and thanks for all of the things that you have done, not to mention your staff.

Mr. **GREEN.** You know who really runs things.

Mr. **PHILLIPS.** The Administration is requesting some $23.7 billion in budget authority for the HUD programs, up from 18.4 billion in 1990, and however excluding the new budget authority required for Section 8 contract renewals, the 5.3 billion increase in HUD budget authority would actually become a decline of over $1 billion.

Worse, in the subsidized housing accounts, congressional budget analysis shows that there is nearly some $500 million declined between what the President has proposed and current services.

The unfortunate thing that we are looking at, there is no new money for public housing development, even though we have waiting lists of over 800,000 households across the country.

I am sure it's true to say that we are without question housing the poorest of the poor in this Nation.

The public housing operating subsidies, which is, as you know, our lifeblood, once again are underfunded by HUD, resulting in an inadequate management and maintenance operation.

HUD's budget request over the past decade has consistently underestimated real needs. As you know, we are facing a shortfall of some 122 million in fiscal year 1990.

The level of public housing modernization funding required for us is well documented, to provide the public housing authorities with the funding needed for testing and abatement of hazardous materials such as lead paint became a critical item.

When we look at the MROP program, the lack of new public housing construction funds is without question disappointing. The tenant-based subsidies aren't helpful. There are few if any vacancies in an area, especially when we look at our larger housing units.

Vouchers and certificates have had low success rates in certain cities across the country, particularly for large very low-income families.

Section 8 program, while very useful, truly cannot do the entire job alone. CLPHA is recommending to you, as you will see in the prepared information and data that we have been submitting, at a very minimum the committee provide some $950 million for public housing development in CLPHA replacement for fiscal year 1991, which should provide some 7,500 units in incremental development, plus 3,000 replacement units and 3,500 units of MROP.

The modernization or reconstruction program has its birth, as you know, in this committee; and it's greatly appreciated by the public housing authorities across this country and is starting to have an important effect on the seriously distressed public housing stock.

Unfortunately, HUD has established many inappropriate procedures for this program, and in some cases has neglected to establish procedures altogether.

So now there are a variety of recommendations we are submitting to your committee separately that we think would make the MROP program and even better program, and we would ask that you review those and take some serious consideration of some of the concerns and recommendations.

CLPHA is willing to supply to this committee a list of the distressed projects that we think are really on the "ready to go list" if more MROP funds were to become available to us.

The Administration's modernization is requesting almost $2 billion in public housing mod funds, and this, to us, is really a refreshing change from prior years.

This amount more accurately reflects, we think, conscious funding goals. But the Administration's request only begins to move in the direction of the recommendations in the public housing needs assessment, the Abt study, the ICF study, which calls for some $2.5 billion annually to eliminate the backlog of current modernization needs in the public housing stock by the year 2000.

It's far less than the $3.7 billion per year that the same studies are saying would be required over the same period, not only to eliminate the backlog but to keep up with the new needs that occur due to the normal aging of our public housing stock.

So we are recommending $2.5 billion for public housing modernization in fiscal year 1991.

In recent testimony to Congress, HUD alleged that there was some 3.4 billion in currently unspent mod funds. It's difficult to understand the basis of this calculation that they are spelling out, since HUD reports indicate that as of 9-30-89, there were approximately $3 billion in unspent CIAP funds, exclusive of the fiscal year 1989 fund, and it cannot be expected that of the fiscal year 1989 funds would yet have been spent by the PHAs.

We want to take note that HUD has, within the past few days, issued a report to Congress on alternative methods for distributing future modernization funds, and although we have not yet had the time to fully examine and digest the final version of this long-delayed report, it appears to us at this time that it's a very thorough and a very professional job. In most cases, HUD has presented the options fairly and without bias, just from a cursory review of the report.

We are very pleased that this favorable outcome that began in the Appropriations Committee back in fiscal year 1983 when, at the urging of the public housing authority groups, funding for the modernization needs study was first provided.

I am sure you remember that time, and we truly thank the committee and HUD for these very fine accomplishments that have taken place.

The lead paint concerns is disappointing by the absence of the revenues in the HUD budget request for lead-base paint abatement, and we certainly hope that there would be more expressed definition of the problem by HUD.

We had recommended some $500 million for lead-base paint testing and abatement and in addition to the $2.3 billion for modernization monies.

You took a very strong role in many ways in creating some order in terms of the disorder that was taking place in terms of that whole question of abatement, yet public housing is still saddled, our authorities are still saddled with the potentially huge cost of this testing and abatement effort.

And we really want to ask that this be looked at very, very seriously. We want our residents and our children of public housing to live healthy, but we also recognize that in order to do that, as far as lead-based paint is concerned, it's going to be costly for us to do this.

That is why we are asking for the 2.5 billion to build the CIAP program up closer to the level of the Abt study, which really doesn't include lead itself, plus an additional $500 million for lead be folded into that operation.

The operating subsidies, I can say without any reservations that fiscal year 1990 is the worst year in the history of public housing as far as the funding for the operation of public housing programs.

HUD is putting out to the PHAs only 93.4 percent of the subsidy, which the PHAs are entitled to by HUD's own calculations. Worse still, HUD has refused to ask the Congress for any additional amount of money needed to make up this shortfall.

My own housing authority in Miami in Dade County has a shortfall of some million dollars in our local fiscal year beginning October 1.

When you look at a city like New York or the community where you are from, Congressman, I am sure you are very much aware of the $21 million shortfall that New York is going to be confronted with this year.

So I would have to say without your continued help in going to us in terms of public housing authorities having to shut down a variety of essential activities, there just aren't any authorities that can manage the way things are going at this point.

The cuts are enormous and are in mega proportions. We couldn't be more serious about our proposal for the 5 percent contingency to be included in this fiscal year 1991 appropriation for operating subsidies.

In our recent history bears out the urgent need for such a contingency, and when we look at the supplemental and thanks for your assistance in passing this on, we did receive $72 million; we still, as we calculate the situation, have a $50 million shortfall.

We have got to look at it and see if there is some way that we can address that. I think one of the reasons for the difference between CLPHA and HUD fiscal year 1991 estimates is the increased fuel prices in fiscal year 1990.

We looked at some of the major metropolitan communities, and especially the East, where the fuel prices continued to go out the roof, and we look at the PFS requirements, and we recognize that the fuel prices are going to continue to rise up.

We just have to ask for some kind of major adjustments as we look at the cost, and we look at the lack of consideration that HUD has made at this point in terms of looking at the continual increase of costs.

They are still looking at costs from two years ago, and we are urging them, asking them to look at that and also to add into the calculations that they are coming up with the additional amount of money that is going to be indicated, that the housing authorities are going to be strapped with and will, in fact, have to be obligated to pay.

When you look at the whole question of drugs and crime, there is no question that that becomes a major effort. The thing that Secretary Kemp has been talking about has been overlooked.

We certainly, however, don't want to see monies in operation of our developments be taken away to be used for drugs. What we encourage to take place and consideration be taken that extra drug dollars be made a part of the operating dollars for public housing across the country. That should be a normal operating expense in our agencies.

We are being asked to deal with a lot of things, with a limited amount of resources. Without question, we are doing a lot more for less.

We appreciate Mr. Kemp's focus on the problems of the poor, even though we regret that we have been unable to fund any of the new programs.

These programs are viable programs, and many of them are worthwhile programs, and we certainly support them. And we finally do have a leader at the helm that is not just seeing bricks and mortar. He is seeing people's needs. He is sensitive to those kinds of things, and we support that effort and are working very closely with him on that.

Housing for the poor and for a variety of people with special needs is a national problem, and it seems sometimes to have fallen off the political agenda.

And we would certainly hope that with your insistence and with your urging, that we will be able to restore the urgency of these programs to the point where it truly deserves the attention of all the Congress.

Thank you very much.

Mr. **Green**. We thank you, and on the question of the operating subsidy, I guess no one feels it more painfully than I do. That had been the priority, and I thought we had it solved last year.

Then first the congressional leadership decided to deal with the question of drug financing by one across-the-board cut. And then the Budget Committee failed to enforce it's own reconciliation instructions to the authorizing committee and the Ways and Means Committee. And we were faced with sequestration, which took still more money away, and we did what we could in the supplemental.

But as you point out, it was not the full amount that the performance funding system formula entitles you to.

Could you very briefly tell me what your problems are in terms of the major reconstruction program at this point, the procedures that you mentioned?

Mr. PHILLIPS. First of all, we feel very strongly that there has to be a major concern on the MROP program, and there has to be priority given to the MROP program.

There are some issues now where some additional kinds of legislation or procedures and policies are being drafted and put in place. That is going to alter that.

We are saying that the MROP program right now is going to be without question a major program for us. It's the only program that is dealing with the distressed, with those units of age.

We have a situation in Miami right now where we are doing MROP on one of our developments. It's $27 million that we have for this large Liberty City complex. Without that program and without the kind of legislative pieces that now seem to be put in place by the U.S. Department of HUD, it would slow it down. It would require a number of additional kinds of things that now the PHAs are going to have to justify.

We have prepared a document which we are submitting to you for your review, and we are spelling out all of those issues.

Mr. GREEN. I thank you for that, and I certainly shall review it.

Mr. PHILLIPS. You know when you really look at it, Congressman, we truly are serving the poorest of the poor. When I look at my average income across the County of Dade County, we are talking about $3,500 in average income for residents that live in public housing.

Mr. GREEN. Mr. Coughlin.

Mr. COUGHLIN. We appreciate your appearance here and are certainly sympathetic.

As Mr. Green pointed out, some of the things that occurred last year were not of this committee's making and were not this subcommittee's objective.

I just want you to know that we are sympathetic and are going to work with you. I am going to have to leave here to meet with another fine gentleman from Dade County, Mr. Layman, and I appreciate your testimony.

Mr. PHILLIPS. Thank you, sir.

[The statement of Mr. Phillips follows:]

CLPHA

Council of Large Public Housing Authorities

Testimony of

EARL PHILLIPS
Executive Director
Dade County Department of Housing
and Urban Development (DHUD),
Miami, Florida

and

President,
Council of Large Public Housing Authorities
(CLPHA)

before the

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON VA, HUD & INDEPENDENT AGENCIES
U.S. HOUSE OF REPRESENTATIVES

Washington DC
May 4, 1990

OFFSET
CAMERA COPY

122 C Street NW Suite 865 Washington DC 20001-2109 (202) 638-1300 FAX (202) 638-2364

Good morning, Mr. Chairman, members of the Committee, staff and invited guests.

My name is Earl Phillips and I am the Executive Director of the Dade County (Miami) Department of Housing and Urban Development, and Chairman of the Council of Large Public Housing Authorities (CLPHA). Thank you for inviting me to testify today concerning the needs for public housing appropriations.

I would like to recognize that this Committee has truly been a mainstay of the public housing program during the past decade. We and our residents owe you a great debt of appreciation and thanks for what you have done.

There's not much good news for public housing in the President's proposed budget for FY91.

Total Budget. The Administration is requesting $23.7 billion in budget authority for HUD programs, up from $18.4 billion in 1990. However, excluding the new Budget Authority required for Section 8 contract renewals, the $5.3 billion increase in HUD Budget Authority would actually become a decline of over $1 billion. Worse, in the subsidized housing accounts, a Congressional budget analysis shows that there is a nearly $500 million decline between what the President has proposed and current services.

Incremental Units. The 82,000 'incremental' units requested by the Administration are substantially less than the 109,000 units requested last year. Even programs under the Administration's proposed new HOPE initiative would divert resources from existing programs while adding nothing to the housing stock. There's no new money for public housing development, even though we have waiting lists of over 800,000 households.

Public housing operations and modernization. Public housing operating subsidies -- our life blood --would once again be underfunded by HUD, resulting in inadequate management and maintenance. HUD's budget requests over the past decade have consistently underestimated real needs. [As you know, we are facing a shortfall of $122 million in FY90.] Also, HUD is taking little initiative to ask for the level of public housing modernization funding required for well-documented needs, or to provide the PHAs with the funding needed for the testing and abatement of hazardous materials such as lead paint.

Funding Needed for Development, MROP and Replacement

The lack of new public housing construction funds is disappointing. Tenant-based subsidies aren't helpful if there are few if any vacancies in an area, or among larger housing units. Vouchers and certificates have had low success rates in certain cities, particularly for large very-low-income families that have to move in order to meet program requirements. The Section 8 program, while very useful, can't do the entire job alone.

Recent information from HUD shows a large demand from PHAs for units to be used for Major Reconstruction of Obsolete Projects (MROP) and for replacement units. Many important redevelopment projects will not be able to go ahead unless such replacement units are provided.

CLPHA therefore recommends that, at a very minimum, the Committee provide $950 million for public housing development, MROP and replacement in FY91, which should provide 7,500 units of incremental development, plus 3,000 replacement units and 3,500 units of MROP.

Naturally, we would like to see that number larger if possible; even that number is far from enough. But we think it would be a modest step in the right direction to rebuild the much-needed public housing program.

The Major Reconstruction program had its birth in this committee. It is greatly appreciated by the PHAs, and has started to have important effects on the seriously distressed public housing stock. Unfortunately, HUD has established many inappropriate procedures for this program, and in some cases has neglected to establish procedures altogether. So now there are a variety of recommendations we are submitting to your committee separately that we think would make the MROP program even better.

For one thing, the costs of major reconstruction of the most seriously distressed projects is likely -- on a per unit basis -- to be close to the costs of new construction, not merely the cost of rehabilitating a relatively sound existing project.

We must also point out the extraordinary costs that are usually involved in trying to replace our existing public housing resources with new developments located on new sites. The amount of time and effort required to locate, obtain and gain approval for the use of such sites for public housing is very great -- indeed more often than not new projects are killed before they get off the ground. Yet these costs are never factored into traditional cost analyses of 'new development'. If they were, it would be very clear that we need to make the most of the housing resources we already have.

CLPHA is willing to supply to this committee a list of distressed projects we think are "ready to go" if more MROP funding were made available.

CLPHA is grateful for the new development cost guidelines that have been issued by HUD under a new methodology specified by the committee. In some areas, these new guidelines may make development more feasible; but we still find HUD using figures that we can't discover any basis for in the private market. We will be pursuing the methodology of these calculations with HUD, and we may be coming back to the committee staff for help on this. The numbers still don't seem to correspond to true private market costs (for modest housing) in many areas.

Public Housing Modernization

HUD proposes $1.847 billion for public housing modernization, of which $5 million would be used for technical assistance and training for resident management organizations. HUD also says it will propose legislation for a limited matching-fund program in which $150 million of the $1.85 billion would be allocated to PHAs selected by states that are willing to provide a dollar-for-dollar match.

The Administration's request for almost $2 billion in public housing modernization funds is a refreshing change from prior years. This amount more accurately reflects Congress' funding goals. CLPHA is pleased to see that HUD has raised its request for modernization money closer to what the actual appropriations have been in recent years.

But the Administration's request only begins to move in the direction of the recommendation in the public housing needs assessment (Abt/ICF study), which calls for $2.5 billion annually to eliminate the backlog of current modernization needs in the public housing stock by the year 2000; and it is far less than the $3.7 billion per year that these same studies say would be required over the same period not only to eliminate the backlog but keep up with new needs as they occur -- due to normal aging of the public housing stock.

CLPHA recommends $2.5 billion for public housing modernization in FY91.

The modernization pipeline. Mr. Chairman, each year HUD anounces the amount of currently unspent modernization money, without offering any clues to the understanding of that amount, and then says that the existence of such a backlog is proof that no additional funds could be utilized by the PHAs until the present backlog is spent. We have replied each time that HUD has made this assertion in the past -- and I want to stress again today -- that this is a completely misleading characterization of the modernization process.

In recent testimony to Congress, HUD alleged that there is $3.4 billion in currently unspent modernization funds. It is difficult to understand the basis of this calculation, since HUD reports indicated that as of 9/30/89, there were approximately $3 billion in unspent CIAP funds, exclusive of FY89 funds; and it cannot be expected that much of the FY89 funds would yet have been spent by the PHAs.

I am including as Attachment A to this testimony a detailed analysis of the past record of the expenditure of modernization (CIAP) funds by the PHAs, prepared by CLPHA staff using HUD's own data. This data shows that year after year, PHAs have a creditable record in expending their modernization funds within a reasonable length of time; and that when Congress has increased the level of appropriations, PHA expenditures have gone up, too. As a result, the proportion of each year's mod funding expended within any given period has stayed roughly constant over the years.

CLPHA has made many recommendations to HUD concerning to speed up the process (see examples in Attachment A), but we never seem to get very far. But increasing the appropriations levels will not slow down the expenditure rate; it will mean that more PHAs will be able to get needed funding every year.

Finally, concerning modernization, we want to take note that HUD has within the past few days issued its "Report to Congress on Alternative Methods for Distributing Future Modernization Funds." Although we have not yet had time to fully digest the final version of this long-delayed report, it appears to us at this time that it is a very thorough and professional job. We did not expect that the report would contain policy recommendations from HUD. They have been included. It appears, however, that in most cases HUD has presented the options fairly and without bias. While we do not expect to agree with all of HUD's recommendations, we are very pleased at this favorable outcome of a process that was begun in the appropriations committees in FY83 when, at the urging of PHA groups, funding for the modernization needs study was first provided. We thank the committee and HUD for these very significant accomplishments.

LEAD PAINT

CLPHA is disappointed by the absence of any reference in HUD's budget request to lead-based paint abatement. We would have hoped there would be a more expressed definition of the problem by HUD. We recommend $500 million for LBP testing and abatement in addition to the $2.5 billion for modernization.

We recognize that this committee took a very strong role in many ways and created some order out of disorder. Yet public housing is still saddled with the potentially huge costs of this testing and abatement effort. We do want the residents and children of public housing to live healthfully, but it will be costly.

That is why we are asking for the $2.5 billion to build the CIAP program up closer to the level of the Abt study -- which doesn't include lead -- plus an additional $500 million for lead, to be folded into that. Lead produces added costs, sometimes directly (in terms of the cost of the abatement work that needs to be done), but also for insurance, testing, interim maintenance, and issues related to the workers, designers, insurance, etc.

Also, lead paint testing and abatement costs must be recognized as being allowable -- where needed -- over and above the normal cost limits (TDCs) for public housing modernization.

OPERATING SUBSIDIES

Mr. Chairman and members of the Committee, I can say without any reservations whatsoever that **FY90 is the worst year in history for the funding for the operations of the public housing program**.

At this moment, we are facing a $122 million shortfall in operating subsidies for FY90. As a result, HUD is putting out to the PHAs only 93.4% of the amount of operating subsidy to which the PHAs are entitled according to HUD's own regulations. Worse still, HUD has refused to ask the Congress for any of the amounts needed to make up this shortfall.

I have shown in Attachment B to this testimony the magnitude of the shortfall for a variety of Housing Authorities that have been contacted by CLPHA. My own authority, Miami, will have a shortfall of over $1 million in our local fiscal year beginning October 1, 1990 (which is funded out of federal FY90 money). The New York City Housing Authority is facing a shortfall of $21 million in its fiscal year January-December 1990, which is also funded out of federal FY90 money.

Southern California may still be looking forward to "**THE BIG ONE**" in terms of earthquakes, but for us **THE BIG ONE** is here now -- this year! Without your continued help it is going to totally devastate us, in terms of PHAs having to shut down a variety of their essential activities. There aren't any authorities that can "manage their way around" cuts of this magnitude.

That's also why we couldn't be more serious about our proposal for a 5% contingency to be included in the FY91 appropriation for operating subsidies. All recent history bears out the urgent need for such a contingency fund.

Need for FY90 supplemental.

In spite of many previous "reassurances" to the contrary, HUD now says that the shortfall in FY90 will be $122 million! We're extremely distressed at the magnitude of this shortfall in HUD's request, and particularly that HUD hasn't asked Congress for any of the money needed to make up this shortfall. While to some extent (though not at all entirely), the magnitude of the shortfall is based upon the unpredictable rise in utility costs, the least that HUD could be expected to do would be immediately notify Congress of the higher operating subsidy estimates and request the funding needed.

The impact of these cuts will be magnified by the fact that utilities can't be cut; and the impact will therefore fall upon the residents in terms of delayed maintenance, reduced security, increased vacancies because of slower re-renting of the units, etc.

CLPHA wants to offer its gratitude to this committee for what you have already done on the supplemental. We reiterate its importance. We hope that the bill will be in Conference soon, and we continue to ask for your help in getting the full $122 million that is needed.

FY91 Operating Subsidies.

For operating subsidies, the President's budget asks for $1.826 billion for FY91.

CLPHA's estimate of 'ordinary PFS requirements' for FY91 is $200 million higher: $2,023.6 billion. In addition, CLPHA recommends $55 for additional insurance adjustments, and a contingency of 5%, or $103.9 million, bringing total FY91 needs up to $2,182.5 billion. The complete justification for these estimates has been provided separately to the Committee staff.

One of the reasons for the difference between the CLPHA and HUD FY91 estimates is that the increased fuel prices in FY90 will also increase FY91 PFS requirements, which will probably be up again somewhat from FY90. CLPHA has made these adjustments to its FY91 estimates; but HUD has not made any changes in its FY91 budget request -- though it would clearly be sensible to do so.

We welcome your Committee's asking HUD to compare its figures to CLPHA's; and we hope that before this Committee sets its mark on the operating subsidy it will insist that HUD come and sit down with the Committee or its Chief Clerk, together with CLPHA and the other national housing organizations, all of whom agree on this issue.

Drugs and Crime.

HUD also proposes a separate appropriation of $150 million in FY91 for drug elimination grants to PHAs and IHAs. The funds could be used for a variety of activities, including employing additional security personnel, reimbursing law enforcement agencies for the cost of providing extra security, making physical improvements to increase security, supporting tenant patrols, developing innovative progams to reduce drug use, and providing resident groups with funds to develop security and drug abuse prevention programs.

Mr. Chairman, CLPHA strongly supports **additional** funding for the PHAs to carry out these very important activities. The last thing we want to do is give up drug money, but we shouldn't have to get it at the expense of basics. We don't want millions of dollars in "drug subsidies" but inadequate operating subsidies.

We therefore recommend that this amount be added to the Allowable Expense Levels (AELs) of PHAs, without additional regulations. All of the drug-related activities listed by HUD should be normally allowed and eligible activities for funding under ordinary PHA operating budgets.

The same considerations apply to the drug money in FY90. We would very much appreciate having EXTRA drug monies for FY90, but not at the expense of normal operating subsidies.

Giving a few extra dollars to the PHAs for drug programs may well be very much like buying a new set of clothes for a corpse! The first priority has got to be to keep the body alive!

CONCLUSION

Mr. Chairman, in conclusion we recognize that these are hard monies to come by, but the country does manage to come by money for other things and we're not persuaded any more that there isn't money to do the job of public housing right. In fact, we're watching a lot of things for which money are being found.

The public housing program is being asked to deal with a number of issues that are some of the most difficult faced by society. Public housing is willing to undertake these efforts, if the necessary funding is provided. Without those extra funds, the insitution of public housing will be unable to deal with the problems of drugs, lead paint, homelessness, housing for the deinstitutionalized mentally ill, and low-income families that need other special societal helps such as day care and job training.

Where does it all end?

The New York Times recently raised a thoughtful question that many in Congress and in HUD seem unwilling to raise: whom are are we to house, and how is that to be funded? We want to do the job, but it's not fair to make it look like the public sector can't do the job -- because it's not given the resources.

We really do appreciate Mr. Kemp's focus on the problems of the poor, even though we regret that he has been unable to fund any new programs. But at least he's got the humanity to say that these are problems we ought to address -- and quite frankly we find few others calling for remedies.

Housing for the poor and for a variety of poeple with special needs is a national problem that seems to have fallen off the political agenda where it used to be. We need to have it restored to the urgency and importance which it truly deserves.

Thank you.

Summary of CLPHA Recommendations

Operating Subsidies	
FY91:	$2,182.5 million
FY88:	$9.0 million
FY90:	$122.0 million
Modernization	$2,500.0 million
Hazardous materials	$500.0 million
Development (incremental)	$525.0 million
Major Reconstruction	$210.0 million
Replacement units	$210.0 million

file: TSTAPPR2

Attachment A: Expenditure Rates, CIAP (modernization) funds.

The attached chart shows the rate of expenditure of CIAP funds by PHAs, for CIAP funds appropriated in each federal fiscal year, FY81 through FY86. This chart was prepared by CLPHA taken from data supplied by HUD.

There are three things that are particularly noteworthy about this chart:

(1) The chart is an "S-curve". There is a slow rate of expenditure of CIAP funds at the beginning of the process (for reasons described below), then a steady climb in expenditures for several years, and finally a "tail" during which there is an extended period before the last of each year's money is finally spent.

(2) For each year, FY81 through FY86, newly appropriated modernization funds moved through the pipeline at a steady, predictable rate. The rate of expenditure of modernization funds at the aggregate (national) level remained relatively constant, regardless of the absolute level of modernization funds appropriated by Congress. I.e. if the Congress appropriated more money, the rate at which these funds were expended was just as high as it had been previously.
Therefore there is no basis for concluding that increasing the level of apprpriations will slow down the expenditure rate.

(3) There do appear to be two areas that could be focussed upon, in order to expedite the rate of expenditure of funds, as well as to reduce the amount of unspent backlog. These two areas are the two ends of the "S-curve":
(a) the long period of time at the beginning of the process before the PHA is able to actually start spending substantial amounts of money on the modernization work; and (b) the period near the end of the process where the expenditure rate may drag on too long.

Detailed description of curve.

For the first four quarters after the beginning of the federal Fiscal Year for which the funds were appropriated, none of the money is spent by the PHAs. This is because it takes HUD one full fiscal year (four quarters) to even obligate the money to the PHAs. Example: federal FY89 money, which technically becomes available to HUD on 10/1/88, was not obligated to the PHAs until September 1989.

So that's four quarters of no expenditures, while the funds remain totally in HUD's hands, beyond the control of the PHAs.

During the second year (quarters 5 through 8), the PHAs usually have had the money obligated to them, but they then have to negotiate and sign an Annual Contributions Contract (ACC) amendment with HUD. Only then can they can hire their architects and engineers to begin to draw up the detailed designs and plans that will usually be required, and prepare the detailed specifications (specs) that are drawn up from the plans. Then the PHA usually has to put this work out to bid.

After bids have been received, the PHA must review the bids for compliance, and then select the best bids (and sometimes re-bid the work). Then, the PHA must draw up and sign contracts with the contractors. So during this second year, on the average, only 10-15% of the mod funds are spent, usually on planning, management improvements and some of the initial work. So by the end of 8 quarters, only 10-15% of the money has been spent out of that fiscal year's appropriation.

After that, the actual work really picks up, and with it, the PHAs' expenditure rates. At the end of the third year (12 quarters), an average of about 43% of the money has been spent.

At the end of the fourth year (16 quarters), just over two thirds of the money has been spent.

At the end of the fifth year (20 quarters), nearly 90% of the money has been spent. Since the PHAs couldn't really begin work until after the eighth quarter, this means that the great majority of the work was done, and money spent, within a three year period -- out of each fiscal year's appropriation. Contrary to HUD's frequent assertions, this does not represent an inappropriate delay on the PHAs' part in the expenditure of their modernization funds.

It is clearly true there is an extended "tail" toward the end of the process, during which the proportion of funds expended creeps up only slowly toward the 100% level. This might be an area where more attention should be paid. In some cases, this represents work not yet done. In some cases, contractors have gone broke. In other cases, the PHA is in litigation with the contractor, and is legitimately holding back funds pending the outcome of that process. In some cases, the scope of the work has changed along the way. In some cases, the PHA is itself being held up by litigation against it. In some cases, delays may have been due to something as simple as an extended period of bad weather. So there may be a variety of reasons for this continuing delay, some good ones, some not-so-good ones.

The important fact, however, is that regardless of the exact level of appropriations of modernization funds provided by Congress each year (which have fluctuated a great deal), roughly the same proportion gets spent annually.

There is therefore no reason at all to believe that if the annual level of modernization funding were raised to $2.3 billion or even $2.5 billion or higher per year, the PHAs wouldn't continue to get over 90% of the mod funds expended, as they do now, within 5 years of these funds being obligated to the PHAs by HUD.

Probably the area where more than anywhere else it would be possible to speed up the use of the modernization funds is at the beginning of each year's process. As pointed out above, it generally takes as long as two full years before 10% to 15% of the CIAP funds are spent, for each year's appropriation. The first full year goes by without HUD even obligating the funds to the PHAs, and only then are the PHAs authorized to incur costs related to plans and designs. Clearly this process could be greatly speeded up if: (a) HUD were to act more quickly each year to obligate the funds; and (b) the PHAs were authorized to incur planning and design costs in advance of actual receipt of the construction (modernization) money.

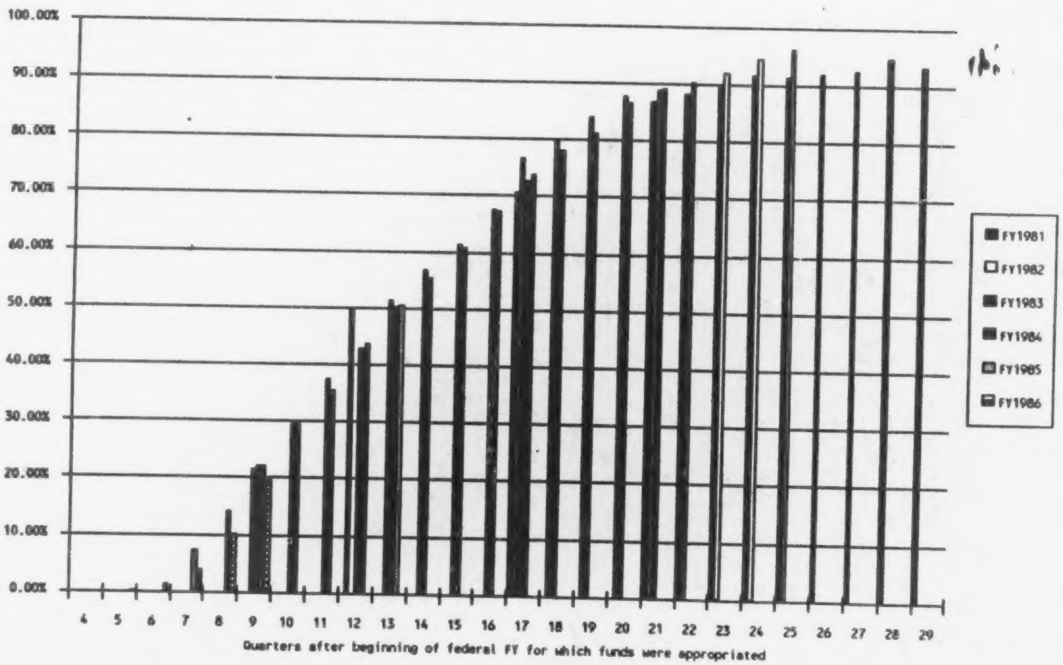
CLPHA has made such recommendations to HUD repeatedly over the past seven years; but HUD has made no significant changes in the way it administers this process every year.

Perhaps it is time for the Congress to give specific instructions to HUD in this regard.

A-4

CLPHA CHART FROM HUD DATA

CIAP Expenditure Chart, FY1981-86



4/28/90

FY90 OPERATING SUBSIDY SHORTFALL

Council of Large Public Housing Authorities (CLPHA)
PHA Operating Subsidy Shortfall at 93.4% of PFS
Version 8.3 (SHORT FORM)

		Fiscal Yr. Starting	100% PFS	93.4% PFS	SHORTFALL
Alaska State	AK		$5,136,446	$4,797,441	$339,005
Mobile	AL	1/1/90	$5,367,475	$5,013,222	$354,253
Los Angeles	CA		$9,758,037	$9,114,007	$644,030
Sacramento City	CA	1/1/90	$1,700,800	$1,588,547	$112,253
Sacramento County	CA	1/1/90	$691,430	$645,796	$45,634
San Francisco	CA	10/1/90	$14,207,941	$13,270,217	$937,724
Bridgeport	CT	10/1/90	$7,008,164	$6,545,625	$462,539
New Haven	CT	10/1/90	$9,040,660	$8,443,976	$596,684
Wilmington	DE	4/1/90	$4,668,562	$4,360,437	$308,125
Dade County (Miami)	FL	10/1/90	$17,404,813	$16,256,095	$1,148,718
Jacksonville	FL	4/1/90	$5,236,561	$4,890,948	$345,613
St. Petersburg	FL	4/1/90	$1,426,579	$1,332,425	$94,154
Atlanta	GA	7/1/90	$32,277,212	$30,146,916	$2,130,296
Chicago	IL	1/1/90	$121,422,080	$113,408,223	$8,013,857
Louisville	KY	1/1/90	$11,912,584	$11,126,353	$786,231
New Orleans	LA	10/1/90	$26,612,522	$24,856,096	$1,756,426
Boston	MA	4/1/90	$24,661,432	$23,033,777	$1,627,655
Cambridge	MA	4/1/90	$2,637,036	$2,462,992	$174,044
Lawrence	MA	4/1/90	$1,645,079	$1,536,504	$108,575
Lowell	MA	10/1/90	$2,391,884	$2,234,020	$157,864
New Bedford	MA	1/1/90	$1,430,352	$1,335,949	$94,403
Baltimore	MD	7/1/90	$41,178,329	$38,460,559	$2,717,770
Montgomery County	MD	7/1/90	$1,241,754	$1,159,798	$81,956
Portland	ME	7/1/90	$1,230,734	$1,149,506	$81,228
Detroit	MI	7/1/90	$24,904,060	$23,260,392	$1,643,668
Saginaw	MI		$839,721	$784,299	$55,422
Minneapolis	MN	10/1/90	$9,135,147	$8,532,227	$602,920
St. Paul	MN	4/1/90	$4,954,940	$4,627,914	$327,026
St. Louis	MO	10/1/90	$11,974,264	$11,183,963	$790,301
Omaha	NB	1/1/90	$4,260,550	$3,979,354	$281,196
Greensboro	NC	10/1/90	$3,019,360	$2,820,082	$199,278
Manchester	NH	10/1/90	$897,603	$838,361	$59,242
Atlantic City	NJ	4/1/90	$3,532,829	$3,299,662	$233,167
Jersey City	NJ	4/1/90	$10,038,044	$9,375,533	$662,511
Newark	NJ	4/1/90	$37,222,110	$34,765,451	$2,456,659
Las Vegas	NV		$6,213,354	$5,803,273	$410,081
Albany	NY	7/1/90	$3,163,476	$2,954,687	$208,789
New York City	NY	1/1/90	$323,915,310	$302,536,900	$21,378,410
Rochester	NY	10/1/90	$3,323,406	$3,104,062	$219,345

FY90 OPERATING SUBSIDY SHORTFALL

Council of Large Public Housing Authorities (CLPHA)
PHA Operating Subsidy Shortfall at 93.4% of PFS
Version 8.3 (SHORT FORM)

		Fiscal Yr. Starting	100% PFS	93.4% PFS	SHORTFALL
Akron	OH	7/1/90	$7,622,897	$7,119,786	$503,111
Allen Metro. (Lima)	OH	7/1/90	$224,690	$209,860	$14,830
Cincinnati	OH	7/1/90	$12,912,739	$12,060,498	$852,241
Cleveland	OH	1/1/90	$31,520,440	$29,440,091	$2,080,349
Columbus	OH		$7,453,443	$6,961,516	$491,927
Loraine Metro.	OH	7/1/90	$1,708,690	$1,595,916	$112,774
Toledo	OH	7/1/90	$5,373,799	$5,019,128	$354,671
Youngstown	OH	7/1/89	$3,322,181	$3,102,917	$219,264
Zanesville	OH	7/1/90	$453,702	$423,758	$29,944
Oklahoma City	OK	1/1/90	$4,376,860	$4,087,987	$288,873
Portland	OR	4/1/90	$3,820,576	$3,568,418	$252,158
Harrisburg	PA	1/1/90	$3,277,467	$3,061,154	$216,313
Philadelphia	PA		$79,198,719	$73,971,604	$5,227,115
Pittsburgh	PA	1/1/90	$17,190,421	$16,055,853	$1,134,568
Providence	RI	7/1/90	$3,817,498	$3,565,543	$251,955
Dallas	TX	1/1/90	$11,006,865	$10,280,412	$726,453
Houston	TX	1/1/90	$7,072,455	$6,605,673	$466,782
San Antonio	TX		$13,222,537	$12,349,850	$872,687
Salt Lake City	UT	7/1/90	$888,791	$830,131	$58,660
Alexandria	VA	1/1/90	$610,742	$570,433	$40,309
Norfolk	VA	7/1/90	$7,719,960	$7,210,443	$509,517
Portsmouth	VA	7/1/90	$3,852,440	$3,598,179	$254,261
Burlington	VT	7/1/90	$616,400	$575,718	$40,682
Seattle	WA	10/1/90	$5,871,739	$5,484,204	$387,535
Milwaukee	WI	10/1/90	$5,454,226	$5,094,247	$359,979
Charleston	WV		$2,452,299	$2,290,447	$161,852
Wheeling	WV	10/1/90	$1,019,490	$952,204	$67,286

Note: figures for 100% of PFS come from the PHAs themselves, based upon their own budget estimates, with the following exception: for PHAs with fiscal years beginning 10/1, the figure shown above (100% PFS) is estimated by multiplying their current year's PFS eligibility (10/1/89-9/30/90, paid out of federal fy89 funds) times 1.05.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

GREGORY BARMORE, MORTGAGE INSURANCE COMPANIES OF AMERICA

Mr. **GREEN**. Gregory Barmore, Mortgage Insurance Companies of America.

Mr. Barmore, we have your full statement.

Mr. **BARMORE**. Thank you for the opportunity to speak with you this morning. We at the Mortgage Insurance Companies of America believe that the Nation needs a strong and viable FHA program to serve low- and moderate-income home buyers. Three keys to rebuilding the FHA are, first, adequate down payments; second, more flexible pricing structures; and third, a much stronger risk management system.

Simply raising the limits does nothing to help the financial strength of the program. In fact, our industry data clearly indicate that higher loans carry additional risk. Certainly raising them will not strengthen the fund.

FHA must find a balance between it's social role and financial realities. According to the audit done by GAO on September 30, 1988, the MMIF fund, which supports the single family mortgage insurance program, lost $1.4 billion in 1988.

Its condition has deteriorated in a surprisingly short period of time at a very rapid rate. After suffering losses in the mid-1980s, our industry has been able to adapt to the changed nature of home mortgage default risk.

One of the primary reasons that FHA is losing money on an ever increasing number is its ever increasing number of very high ratio loans in its portfolio.

In simple terms, it means people are putting very little money down to buy a house. It's basic. The lower the down payment, the greater the default.

If very low down payments loans are expanded and combined with very high loan amounts, FHA losses will continue to grow and further add to the deficit. This is the reason that the statistics from the National Association of Realtors are alarming.

According to their statistics, the average FHA down payment has dropped from 14.6 percent in 1984 to 5.3 percent in 1988. This has been FHA's traditional cross subsidy. Higher down payment loans subsidized lower down payment loans.

According to HUD data in 1987, over 50 percent of FHA loans had a loan to value ratio above 95 percent. The highest FHA loan to value ratio should be 97 percent of the first $25,000 and 95 percent of the balance.

Borrowers should not be allowed to finance closing costs and insurance premiums if it drives the loan balance above these limits.

It's essential that a buyer have an ownership stake in his home. A loan balance that nearly equals and in many cases exceeds the market value of the home does not create this ownership stake. This is the principal factor contributing to the high foreclosure rate in the FHA program today.

As the risk of the program has significantly increased, the pricing has remained the same. The HUD actuary has determined that the 3.8 percent mortgage insurance premium can support 8.7 loans out of every hundred going to foreclosure. Yet on business written in every year from 1979 to 1985, the foreclosure will range from 13 to 26 homes out of a hundred.

Early performance indicates that both 1986 and 1987 books of business will be in the 13 out of a hundred range, well above break even for the program.

It's too early to predict the results of 1988 and 1989 books. You have to reduce the risk of the present program by increasing the down payment and furthering the risk control system of you have to increase the premium.

FHA should adopt an actuarily sound premium based on the level of losses its program is being managed to. Otherwise, you are going to be faced with an potential substantially deficit problem.

FHA must revamp the way it does business in order to better manage risk. It should adopt regional underwriting guidelines. It needs more staff to oversee the quality of lender loan originations.

Its management figures and accounting system need to be updated so that the staff has access to more timely and higher quality information.

FHA should be targeted by income. This is the only way to ensure that it helps low-and moderate-income families become home owners. Raising the FHA loan limits will not help families who need help to purchase homes.

In fact, only families earning more than $50,000, those in the top 20 percent of our country, can afford to purchase a home at the present temporary FHA loan limit of $124,875.

Three-quarters of the population earn less than $30,000. That is the group that has declining home ownership. That is the group faced with the housing affordability problem, and this is who the FHA should be serving.

The only way to help families who cannot already afford a home without unnecessary financial risk to FHA is to target the program by income.

A major change must be made for the FHA to operate soundly and be self-sustaining in today's mortgage market. We in the Mortgage Insurance Companies of America would be happy to work with Congress and the Administration to help put the FHA program back on a sound footing the Nation needs it to be on.

A strong FHA is an important part of the housing program in this country.

Thank you.

Mr. **Green**. Thank you, Mr. Barmore.

I think those statistics are very illuminating.

Mr. Coughlin?

Mr. **Coughlin**. They are not only illuminating, they are alarming. And we appreciate your testimony and look forward to working with you.

[The statement of Gregory Barmore follows:]

Statement of Gregory T. Barmore President, Mortgage Insurance Companies of American Before the Subcommittee on VA, HUD, and Independent Agencies, House Appropriations Committee

May 2, 1990

Mr. Chairman and Members of the Subcommittee:

The Mortgage Insurance Companies of America (MICA) appreciates the opportunity to testify before this subcommittee. We are particularly concerned with the financial soundness of the Federal Housing Administration's single-family mortgage insurance program (FHA). FHA plays an important role in housing America. MICA believes our nation needs a strong, viable FHA program to serve low- and moderate-income homebuyers. To operate in today's environment, FHA must find a balance between its social role and its financial responsibilities.

MICA's testimony today will outline some of the problems the industry sees with FHA and then highlight some solutions to FHA's problems. MICA urges this subcommittee not to raise FHA's loan limits. FHA is experiencing significant financial problems and the Administration, Congress and those in the housing industry must be given time to develop solutions to its problems. MICA firmly believes that by working together with policy makers and other housing groups, we can find ways to keep FHA financially sound and available to serve homebuyers well into the future.

FHA's Financial Soundness

Unfortunately recent evidence reveals that the Mutual Mortgage Insurance Fund (MMIF), which supports the single-family mortgage insurance program, is in financial trouble. In fact, its condition has deteriorated in a surprisingly short period of time. We knew that the MMIF was losing money. Indeed, our industry paid over $5 billion in claims in the past five years. However, in recent years, we have been able to adapt to the changed nature of home mortgage default risk. We believe that FHA now must implement the same kind of changes that have returned private mortgage insurance companies to sound, self-sustaining insurance funds.

There are several ways to measure FHA's financial stability: 1) Examine the Mutual Mortgage Insurance Fund's (MMIF) overall financial performance in any one year; 2) Track claim and loss rates over a period of time; and 3) Examine FHA's ability to spread risk adequately. A look at all three provides the best picture of the soundness of the FHA single-family insurance program and the improvements that must be made to keep the MMIF financially stable.

- The MMIF balance:

Four areas provide an overview of the financial position of the MMIF: the Fund's 1988 operating losses; its loss reserves; the amount of insurance in force relative to the Fund's equity; and the Fund's actuarial soundness.

o Losses - FHA had originally reported that the MMIF lost $369 million in fiscal year 1988. The GAO audit found that the MMIF actually lost $1.4 billion, reducing the Fund's equity to only $1.8 billion. The remaining equity at year-end 1988 was little more than 1988's operating loss.

o Loss Reserves - In 1988, the GAO increased the Fund's loss reserves by 88 percent -- from $1.4 billion in 1987 to $2.7 billion. Loss reserves are set aside to pay anticipated claims.

o Insurance In Force Relative to the Fund's Equity - The MMIF's equity dropped by almost half in 1988, from $3.4 billion to $1.8 billion, while the amount of mortgages insured by the Fund increased by 11.5 percent in 1988 to $229 billion. In other words, the amount of risk to equity has doubled. Appendix I provides a summary of the Administration's projections for the level at which FHA's risk will increase and its equity will decrease.

o MMIF's Actuarial Soundness - GAO reported that "HUD's actuary has determined that the MMIF's future income will exceed future expenses for insurance in force as of September 30, 1988." Yet, GAO repeatedly states that the financial data is unreliable and that HUD lacks the default information it needs to properly assess the program. Lacking the necessary information, a judgment that the MMIF is sound is questionable.

- FHA claim and loss rates:

The 1980s brought dramatic changes to mortgage lending. Unfortunately, FHA has been slow to adapt to those changes. This is reflected in FHA's claim and loss rates. An examination of claims data provided by HUD indicates that for the past decade, FHA experienced losses far greater than its premium is priced to support. The HUD actuary has determined that the 3.8 percent mortgage insurance premium can support just 8.7 percent out of every 100 loans going to claim.

Appendix II shows that from 1979 to 1985, FHA's business failed to perform at or below this break-even claim rate. Although the 1986 and 1987 books are not fully seasoned, early performance indicates that this business also will exceed the break-even point. MICA expects that loans insured by FHA for the nine year period have, or ultimately will have, a cumulative claim rate ranging from 13 to 26 percent.

What does this mean? Simply this: FHA will pay out more money in claims than it collected in premium income for each year's business written during the nine year period. FHA's actuary based FHA's break-even point (8.7 percent) on FHA's claims peaking in the third year after origination and falling rapidly thereafter. However, as Appendix III shows, FHA's claims increase through the fifth year, and continue throughout the remaining years at substantially higher rates than anticipated.

The FHA's ability to spread risk adequately:

Proponents of the changes to FHA argue that raising loan limits will enhance FHA's ability to spread risk. Several indicators of FHA's recent performance, along with the firsthand understanding of the nature of mortgage risk, leads MICA to conclude that the proposals would do little to increase FHA's ability to spread risk.

There are two arguments used to support the contention that higher loan limits will better spread risk: 1) Higher balance loans will cross-subsidize losses on lower-balance loans, and 2) FHA needs to do more business in California and other strong real estate markets to geographically spread risk.

The cross-subsidy issue hinges on the performance of FHA-insured loans. As previously mentioned, loans insured by FHA in the past decade have, or ultimately will have, claim rates from 13 to 26 percent, whereas its pricing can support an 8.7 percent claim rate. To effectively cross-subsidize losses and have positive impact on the MMIF, any new business written by FHA would have to perform 30 to 70 percent better than previous business.

When examining recent FHA claims data by loan amount, loans over $60,000 seem to be performing 10 percent to 12 percent better than loans under $60,000. While the frequency of claims is slightly lower, the severity of these losses on larger loans could more than offset the lower claims frequency. Even figuring in this slight improvement in loan performance, the higher-balance loans will not cross-subsidize losses on lower-balance loans, because of high default rates on the entire book of business. Unless fundamental changes are made in the program, there is absolutely no evidence to suggest that FHA's future business will perform at or better than the break-even 8.7 percent point and have a net positive effect on the MMIF.

The assertion that raising loan limits would improve its geographic distribution of risk also is unfounded. For example, it is said that California is underserved by FHA. In fact, as Appendix IV indicates, FHA does serve California homebuyers. The percentage of business FHA insures in California is approximately the same as the percentage of business FHA insures nationwide. Given that the proposed changes would primarily benefit California and some Eastern states, FHA's market penetration would likely increase in those areas, adding more geographic risk to the program, rather than better spreading risk. FDIC Chairman L. William Seidman, speaking at a seminar sponsored by the RTC, discussed problems he sees in high-cost cities that cause markets to weaken. He noted that the residential market in California is perhaps a great concern simply because home prices are increasing so rapidly. (See Appendix V). Real estate markets operate in a cyclical nature. When one area of the country is strong, another is weak or stagnant, as is shown when tracking mortgage delinquencies. (See Appendix VI).

Finding Solutions to FHA's Financial Problems

Viable solutions must be found to FHA's financial problem. It must be able to respond to the new realities of the mortgage market, yet be responsive to the housing needs of America's working families. When faced with financial problems in the mid-1980s, the private mortgage insurance industry responded by revising underwriting requirements, restructuring premiums to better match risk and adding capital. While FHA is not a private business, Congress and the Administration must recognize its financial problems and find solutions which balance its social mission with fiscal responsibility. Without any adjustments, FHA will soon have negative equity, and require direct appropriations every year to keep the program running.

- Increase Downpayment Requirements

One of the primary reasons FHA is losing money is the ever increasing number of very high-ratio loans in its portfolio. According to a study by the National Association of Realtors, the average FHA loan-to-value ratio has been increasing, rising from 85.4 in 1984 to 94.7 in 1988. In fact, in 1987, over 50 percent of FHA loans had a loan-to-value ratio over 95 percent.

It is a fundamental principle of lending that downpayment drives default. This principle has been proven by numerous empirical studies, including a 1969 study by George M. von Furstenberg published in The Journal of Finance (See Appendix VII). It is proven daily in the mortgage lending business. This principle was affirmed in a 1989 study by GAO (May 1989-GAO/AFMD 89-26BR) on FHA's financial management. GAO found that claim rates are as much as three to four times greater for loans with a three percent downpayment compared with those made with a 10 percent downpayment. The GAO data shows that more than one in every four loans with less than a five percent downpayment in the 1981 and 1982 policy year defaulted. This type of foreclosure rate is a financial disaster for

FHA. If expanding the availability of these very low-downpayment loans is coupled with very high loan amounts, FHA's losses will continue to grow beyond a level of tolerance.

Mortgage insurance industry data confirms the correlation between low downpayment and high default rates. Appendix VIII provides the default rates for all loans insured by the mortgage insurance industry for an eleven year period, by loan-to-value ratio. The table shows that the default rate for 95 percent loan-to-value ratio loans is almost double the default rate of 90 percent loan-to-value ratio loans.

MICA believes that FHA's downpayment requirements must be increased. The highest loan-to-value ratio should be 97 percent, including closing costs and the mortgage insurance premium. Borrowers should not be permitted to finance their closing costs and their mortgage insurance premium, when it means that the loan-to-value ratio is more than 100 percent. Eliminating the ability of borrowers to finance more than the value of the property is essential to FHA's future financial health.

- Revising the Premium Structure

FHA's financial problems are compounded by its inadequate pricing of the risk it insures. FHA charges one premium rate for all loans regardless of the risk factors associated with each loan. While individual private mortgage insurers price differently, generally speaking they vary their premium depending on four risk-related factors -- the type of loan instrument, the loan-to-value ratio, the amount of insurance coverage, and whether the property will be owner-occupied. Adjustable rate mortgages are priced higher than fixed rate mortgages because adjustable rate mortgages are much more likely to go into default. Loans with a higher loan-to-value ratio are priced higher because, as discussed above, they are riskier. The more insurance coverage the private insurer provides the lender also will increase the premium. Private mortgage insurers insure up to 25 percent of the loan amount, where as FHA insures 100 percent of the loan. Private insurers will increase the premium as the amount of the insurance increases because the risks they are exposed to increases. Finally, a private mortgage insurer will charge more for loans on homes that are not occupied by the borrower than for owner-occupied homes.

MICA believes that FHA must be given more flexibility in its premium structure. It should charge an actuarially sound premium.

- Revising Underwriting Requirements

Presently, FHA does not differentiate its underwriting requirements. The same underwriting requirements apply in all markets across the country and in all circumstances. This is not the way the private mortgage insurance industry operates. Like FHA, a private mortgage insurer is on the same side of a transaction as the borrower. When a private mortgage insurer underwrites a loan, it not only has a profit motive to get the buyer into the home, but to ensure that the home remains affordable for that borrower far into the future. In order to keep families in their homes, mortgage insurers vary their underwriting requirements based on the risk associated with the loan.

Mortgage insurers have identified three key factors which affect mortgage risk -- market-related factors, borrower credit-related factors, and lender-related factors. Market-related concerns arise because certain areas of the country represent a greater mortgage insurance risk than others. Regional economic disruptions can produce localized stress within a housing market, and some areas that were once risky improve or vice versa. It is dangerous to originate and insure marginal loans during a local downturn or if there is an oversupply of housing in a market because these typically result in an erosion of equity. Borrower credit factors also are important in managing risk because a mortgage loan must have sufficient credit quality to withstand both economic fluctuations and individual financial reversals. Here such factors as the borrower's debt-to-income ratio or the source of the borrower's income is important.

Finally, lender-related factors are significant in identifying and managing risk. Mortgage insurers are now directing their lender-customers toward high-quality rather than simply high-volume loan origination. Mortgage insurers stress quality control to avoid fraud and to insure an accurate assessment of beginning equity, backed by a valid and professional appraisal.

MICA believes FHA must revamp the way it does business in order to better manage risk. It should adopt regional underwriting requirements. It should be provided with more staff so that it can oversee the quality of lender loan originations and more fully examine the lenders sending business to it. Its management information and accounting systems also should be updated so that the staff has access to more timely information.

Target FHA By Income

FHA should be targeted by income. This is the only way to ensure that it helps low- and moderate-income families acquire their own home. Its goal should be to help low- and moderate-income people buy and keep homes, rather than enable more high-cost houses to be sold with more favorable financing terms.

Appendix IX illustrates the housing affordability problem this country faces today. It shows that the rate of homeownership for families earning more than $50,000 has increased in recent years, while the rate of homeownership for people earning less than that has remained stagnant or decreased. A Federal program designed to increase homeownership should be directed to people who are having trouble purchasing a home, not to a class of people where homeownership is increasing.

Raising FHA's loan limits will not help families with less than $50,000 income purchase homes. In fact, only a family earning more than $50,000 can afford to purchase a home at the present FHA loan limit of $124,875 in high cost areas. The only way to direct more Federal homeownership assistance to families in the affordability gap is to target FHA by income.

MICA also believes that targeting FHA by income will not place any unnecessary financial risk on FHA. Data from the mortgage insurance industry shows that defaults increase with very high loan amounts. (See Appendix X). Therefore, raising the loan limits will not only direct FHA away from the people who need it, but potentially worsen FHA's financial situation.

Conclusion

Major changes must be made for FHA to operate soundly and be self-sustaining in today's mortgage market. Policymakers must decide how best to balance FHA's social purpose of expanding homeownership opportunities for low- and moderate-income families with its financial responsibility to American taxpayers. The mortgage insurance industry is an expert in managing risk while helping average working Americans purchase a home. We would be happy to work with Congress and the Administration on resolving FHA's problems.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

JONI FRITZ, NATIONAL ASSOCIATION OF PRIVATE RESIDENTIAL RESOURCES

Mr. GREEN. Joni Fritz, National Association of Private Residential Resources.

Ms. FRITZ. We appreciate your giving our association this opportunity to testify before your committee.

I am Director of the National Association of Private Residential Resources. Our agency supports more than 1,500 programs nationwide that together provide residential services to more than 40,000 people with mental retardation and other developmental disabilities.

We thank you for the high level of support you give for the housing programs our members provide. Many of them have successfully used federal programs under the jurisdiction of this subcommittee.

We have submitted our full statement for the record with our association's recommendations for fiscal year 1991 funding for the HUD Section 220 direct loan program, the Section 106B Seed Money Loan Money program, for Congregate Housing Services where we echo the statement of Congresswoman Lloyd in support of that program.

Also support for the Community Development Block Grant program, the Supportive Housing Demonstration program, especially for permanent housing for people who are homeless or at risk of being homeless and who are disabled.

We are also seeking adequate funding to enable HUD to enforce 1988 amendments to the Fair Housing Act that prohibits discrimination against people with disabilities.

We would like you to review our statement with a rationale for the figures that we support. With the exception of the Supportive Housing Demonstration program, we are asking for appropriations levels that exceed the Administration's recommendations.

In addition to seeking adequate appropriations levels, we respectfully ask this subcommittee to direct HUD to significantly revise proposed rules that will establish cost limits on the Section 220 projects under the Housing for Handicapped People program.

While our association and its members acknowledge the need to have some kind of cost limit on that program to control funding for integrated group living arrangements, our specific concerns about HUD proposed rules published on January 18 relates to the percentage of the cost limits that has been applied to the acquisition of property.

We understand that the formula includes just 7 to 8 percent of the total cost of the project for land. From New York State, I am sure you can understand that land costs often represent as much as 50 percent of the cost of housing. We have supplied HUD with considerable amounts of information about the direct cost of improved property.

As I am sure you realize, HUD requires its sponsors to acquire property that already has water and utilities, which is close to public transportation and shopping, and needless to say, that property costs money.

We would be glad to share the information that we have acquired with the subcommittee and respectfully ask that the report language be included in the appropriations bill that would direct HUD to give adequate consideration to the real costs of housing for 220 projects.

Mr. GREEN. I assume you have made a formal submission to HUD in connection with this rulemaking procedure?

Ms. FRITZ. Yes, and a lot of support for our requests.

Mr. GREEN. Thank you very much. We appreciate your testimony.

Ms. FRITZ. Thank you, Mr. Green.

[The statement of Ms. Fritz follows:]

National Association of Private Residential Resources

4200 Evergreen Lane #315
Annandale, VA 22003
703 / 642-6614

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STATEMENT

RESPECTFULLY SUBMITTED FOR THE RECORD

to the

HOUSE APPROPRIATIONS

SUBCOMMITTEE ON VA, HUD and INDEPENDENT AGENCIES

THE HONORABLE BOB TRAXLER, CHAIR

on

FY 1991 APPROPRIATIONS

for the

HUD SECTION 202 LOAN PROGRAM, SECTION 106(b) PROGRAM

CONGREGATE HOUSING SERVICES,

SECTION 8 / VOUCHER PROGRAM,

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM,

SUPPORTIVE HOUSING DEMONSTRATION PROGRAM,

ENFORCEMENT OF 1988 AMENDMENTS TO THE FAIR HOUSING ACT

Presented by

Joni Fritz
NAPRR Executive Director

May 2, 1989

OFFSET
CAMERA COPY

Serving People with Mental Retardation and Other Developmental Disabilities

NATIONAL ASSOCIATION OF PRIVATE RESIDENTIAL RESOURCES
SUMMARY OF RECOMMENDATIONS
FY 1991 HUD APPROPRIATIONS

The need for more community living arrangements is tremendous and is increasing each year while the stock of affordable, decent housing available to people with disabilities continues to dwindle. The budget of the Department of Housing and Urban Development has been cut more severely than that of any other major federal agency. The National Association of Private Residential Resources respectfully makes the following recommendations for fiscal year 1991 appropriations for programs administered by HUD that support the development of housing for people with mental retardation and other developmental disabilities:

- o Sufficient funding in FY 1991 in the HUD Section 202 Direct Loan Program to support the construction of 12,000 new units of housing -- which will require an appropriation of at least $650 million, the full amount authorized in P.L. 100-242 for FY 1989. (Authorizing legislation for FY 1991 is currently pending.) A minimum of 25% of the total amount will be made available for the now free-standing program of Section 202 Housing for Handicapped People.
- o Language that will require HUD to give adequate consideration to the price of property in cost limits established for the Section 202 subsidy mechanism.
- o Sufficient FY 1991 funds to adequately support the subsidy mechanism for housing developed under the Section 202 program for Housing for Handicapped People.
- o Support for the "Sheltered Plus Care" program for homeless persons with mental illness or problems with substance abuse, but with new dollars rather than at the expense of the Section 202 or other HUD programs.
- o An appropriation of $82,000 the estimated amount used in FY 1990, for Section 106(b) seed money loans for nonprofit sponsors of Section 202 housing who require some assistance with start-up costs.
- o An appropriation of $10 million for the Congregate Housing Services Program in FY 1991, the full authorization amount for FY 1989.
- o Priority in the HUD rental assistance programs for people with disabilities who are waiting to acquire Section 8 certificates or vouchers.
- o An appropriation of $3 billion for the Community Development Block Grant program in FY 1991. This is the amount appropriated in FY 1990 and represents the full amount authorized under P.L. 100-242 for FY 1989.
- o An appropriation of $143.4 million for the Supportive Housing Demonstration Program in FY 1991, with $30 million earmarked for the Permanent Housing Program. This is $16.6 million over the amount appropriated in FY 1990, and is the figure recommended by the President for this program in FY 1991.
- o An appropriation of $20 million in FY 1991 to enable HUD to develop educational and enforcement programs necessary to fulfill obligations established by the 1988 Fair Housing Amendments Act to both enforce the law and provide states with technical assistance to assure that their laws are "substantially equivalent" to Federal civil rights law.

INTRODUCTION

The National Association of Private Residential Resources currently represents more than 500 agencies nationwide that together provide residential services to more than 40,000 people with mental retardation and other developmental disabilities. Our members offer a full range of residential services in a variety of settings designed to enhance the development and self-dependence of those served.

Many NAPRR members have helped people with disabilities access Section 8 housing assistance payments or vouchers to rent housing in residential neighborhoods. HUD programs currently provide the only capital funding available to some agencies that serve people with mental retardation and other disabilities. Many NAPRR members have successfully utilized the Section 202/8 Direct Loan program and 106(b) seed money program to develop community-based housing for people with disabilities. A few have been fortunate enough to acquire Congregate Housing Services funding to provide necessary support services for some of the people they serve who live in Section 202 or public housing projects. Others have been able to use Community Development Block Grant funds to develop housing or day program sites. A few have used the new Supportive Housing Demonstration Program which we view as a resource with great potential for new housing development. Enforcement of the 1988 amendments to the Fair Housing Act that prohibit discrimination against people with disabilities is also of major importance to NAPRR members as they seek to establish community living arrangements.

People with disabilities often confront more severe difficulties in acquiring adequate living arrangements than those who are not disabled. Many require services in association with the housing to avoid institutionalization in more costly settings that are funded entirely at government expense. People with physical disabilities may require barrier-free accommodations that can be provided only with modification of existing housing or through new construction. Standards developed by the National Fire Protection Association to assure that people who live in congregate settings for more than three people will be protected in case of fire are also growing increasingly strict. In addition, the BOCA building code now applies institutional standards to homes serving more than six people. These life-safety standards also often require substantial rehabilitation or new construction. Together these requirements frequently necessitate the availability of more funds than are needed by other citizens to access adequate housing, but people with disabilities usually have fewer resources.

The need for more community living arrangements for people with disabilities is tremendous and is increasing each year, but the stock of available, affordable, decent housing continues to dwindle. Funding for Federal housing programs must be restored.

SECTION 202 DIRECT LOAN PROGRAM

Each year the number of nonprofit organizations that apply for Section 202 funds far exceeds the number that receive fund reservations. There are substantial waiting lists for most of the 15,000 to 20,000 community living arrangements developed in this nation for people with mental retardation and other developmental disabilities. The General Accounting Office reported last year that many people with disabilities are living in substandard board and care homes. Others are living with parents who are growing too old to care for them; still others are homeless. A severe reduction in funding for new loan authority has occured in the Section 202 program since FY 1976 when 30,000 units were developed. It is estimated that in FY 1990, only 7,689 units will be approved, about one-quarter of those developed in 1976. President Bush is recommending that only 3,967 new units be funded in 1991, just 13% of the number for which funds were provided in 1976. Far more are urgently needed by people with disabilities who cannot find adequate housing.

NAPRR RESPECTFULLY ASKS CONGRESS TO APPROPRIATE SUFFICIENT FUNDING IN FY 1991 FOR THE HUD SECTION 202 DIRECT LOAN PROGRAM TO SUPPORT THE CONSTRUCTION OF 12,000 NEW UNITS OF HOUSING -- WHICH WILL REQUIRE AN APPROPRIATION OF AT LEAST $650 MILLION, THE FULL FUNDING LEVEL AUTHORIZED IN P.L. 100-242 FOR FY 1989. (AUTHORIZING LEGISLATION FOR FY 1991 IS CURRENTLY PENDING.)

When testifying before this Subcommittee in the past, NAPRR has addressed problems confronted by sponsors of Section 202 housing as a result of HUD cost-containment policies. Projects completed in the past few years have been unattractive, looking more like temporary barracks than a family home, and are often an eyesore in the neighborhood. Disability advocates had hoped that the new free-standing program, with a subsidy mechanism which was ostensibly to cover all costs associated with development of a 202 project, would be a panacea -- it has not been. Unfortunately, proposed rules that were published in January include a cost-limit formula that is totally unrealistic and inadequate to cover the purchase of land across the U.S. We are once again facing program restrictions that will make it difficult if not impossible to use what is supposed to be a valuable resource.

NAPRR IS SEEKING SUFFICIENT FUNDS TO ADEQUATELY SUPPORT THE SUBSIDY MECHANISM FOR HOUSING DEVELOPED UNDER THE SECTION 202 PROGRAM; AND LANGUAGE THAT WILL REQUIRE HUD TO GIVE APPROPRIATE CONSIDERATION TO THE ACTUAL COST OF PROPERTY IN COST LIMITS ESTABLISHED FOR SECTION 202 PROJECTS.

NAPRR supports the President's "Sheltered Plus Care" initiative for homeless persons with mental illness or problems with substance abuse, but with new dollars rather than at the expense of the Section 202 program.

NAPRR SUPPORTS THE APPROPRIATION OF $247 MILLION IN NEW FUNDING FOR THE "SHELTERED PLUS CARE" PROGRAM.

SECTION 106(b) PROGRAM

The Section 106(b) program provides interest-free loans to cover start-up costs associated with the development of Section 202 housing. Loans may not exceed 20% of start-up costs, to a maximum of $50,000, and are repaid from initial proceeds of the Section 202 loan.

NAPRR RECOMMENDS THAT $82,000 BE APPROPRIATED FOR THIS PROGRAM IN FY 1991. THAT IS THE ESTIMATED AMOUNT TO BE USED THIS FISCAL YEAR AND REPRESENTS A CONSERVATIVE DEGREE OF SUPPORT, PARTICULARLY SINCE IT IS EVENTUALLY REPAID WITH SECTION 202 FUNDS.

CONGREGATE HOUSING SERVICES

As people with more severe disabilities move into community living arrangements from large institutional settings and from their family homes, there is a growing need for more in-home services. Federal, state and local sources of assistance have diminished over the past decade. Services such as meals, transportation, personal care and housekeeping assistance enable people with disabilities to remain, or become, relatively self-dependent, thereby avoiding institutionalization in more costly settings. Support services are essential to keep most specialized congregate housing programs viable. The Congregate Housing Services Program has assured that necessary services will be available to tenants of select Section 202 and public housing projects. One-third of those served by this program in recent years have been people with disabilities.

The Administration is once again recommending that this program be terminated. NAPRR believes it should be funded at the full authorization level. It has been an important resource for those who have been able to access these funds.

NAPRR IS ASKING CONGRESS TO APPROPRIATE $10 MILLION FOR THE CONGREGATE HOUSING SERVICES PROGRAM IN FY 1991, THE FULL AUTHORIZATION AMOUNT FOR FY 1989.

SECTION 8 / VOUCHER PROGRAM

The Section 8/voucher program may be the most cost-effective method of supporting housing for people with disabilities when decent, affordable housing is available. The Administration has recommended that a total of 99,399 units of assisted housing be funded in FY 1991 (including those provided for new Section 202 units). Last year the President asked that 100,000 additional units of assisted housing be funded under FY 1990 appropriations. NAPRR is seeking a minimum of 100,000 Section 8 certificates and/or housing vouchers in FY 1991 for people with low incomes to offset costs associated with leasing existing housing.

In addition, our Association is asking that Congress instruct HUD to give preference to people with disabilities who are on waiting lists to obtain assistance for rental housing.

NAPRR RECOMMENDS THAT A MINIMUM OF 100,000 NEW UNITS OF HOUSING BE FUNDED UNDER THE SECTION 8/VOUCHER PROGRAM IN FY 1991, AND THAT CONGRESS INSTRUCT HUD TO GIVE PREFERENCE TO PEOPLE WITH DISABILITIES WHO ARE ON WAITING LISTS FOR HOUSING ASSISTANCE.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Community Development Block Grant program is a valuable and necessary program that is used by state and local governments in diverse ways. Some communities have used it more successfully than others to assist people with disabilities who are forced by economics or the location of essential resources (e.g., clinics, stores, transportation, etc.) to live in our nation's older urban centers. As cities deteriorate, abandoned buildings often attract undesirable activities, furthering decay and both directly and indirectly affecting people with disabilities and others with low incomes who live in these areas. The private sector has utilized CDBG funding in some communities to acquire and rehabilitate buildings used as apartments, congregate living arrangements, workshops and day-program settings. The need for housing and adequate day-program space is well documented. Development of day services is also important in preventing the need for more costly 24-hour care for some individuals.

NAPRR members report that local planning for the use of CDBG funds enhances concern for others and gives disability advocates an opportunity to become an integral part of the process. The relationships that are developed during planning continue after the project has been completed, assisting the integration of people with disabilities into the revitalized community.

NAPRR RECOMMENDS THAT $3 BILLION BE APPROPRIATED FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM IN FY 1991. THIS IS THE AMOUNT APPROPRIATED FOR THE PROGRAM IN FY 1989 AND IS THE FULL AMOUNT AUTHORIZED UNDER P.L. 100-242.

SUPPORTIVE HOUSING DEMONSTRATION PROGRAM

NAPRR supports full implementation of the Supportive Housing Demonstration Program authorized in 1987 under the Stewart B. McKinney Homeless Assistance Act. In 1988, the Coalition on Human Needs published a report of a year-long study of people who are poor. They found that 36 percent of the sample population interviewed for that study said that they lived in families in which at least one person was "disabled, impaired or seriously ill." This was nearly four times the number who were purposely selected to be interviewed by the Coalition as representing the "disabled poor." It is about twice as high as usual estimates of the incidence of disability among poor people who do not live in institutions, and nearly four times the estimate of the incidence of disability in the general population.

Although not all of the money provided for the permanent housing program was used in FY 1990, many agencies that provide housing are still unaware of its existence. The President is seeking an appropriation of $143.4 million in this program for FY 1991. Some of that money will be targeted to families living in temporary shelters. NAPRR enthusiastically supports additional authorizing language to achieve this goal.

NAPRR SUPPORTS THE PRESIDENT'S BUDGET REQUEST FOR $143.4 MILLION IN FY 1991 APPROPRIATIONS FOR THE SUPPORTIVE HOUSING DEMONSTRATION PROGRAM.

ENFORCEMENT OF THE FAIR HOUSING AMENDMENTS ACT OF 1988

In 1988, Congress amended the Fair Housing Act to prohibit discrimination of individuals with disabilities and families with children. It also broadened the Federal government's enforcement powers to accommodate the needs of people who are being discriminated against. Before enactment of the Fair Housing Amendments, HUD's education, technical assistance and enforcement efforts were aided by states that had "substantially equivalent" civil rights laws. States require technical assistance to modify their civil rights laws so that they will be substantially equivalent to new Federal law. Funding is also needed for HUD to conduct investigations and resolve within tight time frames complaints of discrimination.

NAPRR STRONGLY RECOMMENDS THAT $20 MILLION BE APPROPRIATED IN FY 1991 TO ENABLE HUD TO DEVELOP THE EDUCATIONAL AND ENFORCEMENT PROGRAMS NECESSARY TO FULFILL THE OBLIGATIONS OF THIS NEW CIVIL RIGHTS LEGISLATION, AND TO INCREASE THE NUMBER OF HUD STAFF POSITIONS TO IMPLEMENT THE FAIR HOUSING ACT AMENDMENTS.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

IVAN POUR, NATIONAL LEASED HOUSING ASSOCIATION

Mr. **GREEN**. Ivan Pour, National Leased Housing Association.

We will put your full statement in the record, and you may proceed as you wish.

Mr. **POUR**. Thank you, Mr. Chairman.

As you noted, my name is Ivan Pour representing the National Leased Housing Association. And first and foremost I would like to thank the subcommittee for giving me this opportunity to testify this morning.

As you also noted, my written testimony has been submitted for the record, and I would just like to go over some high points of that testimony that I put into it.

First and foremost, we would like to emphasize that the need for $4 billion additional over the current services level for new housing initiatives since it does appear there will be some type of new housing legislation this year, it's important that adequate funding be provided for that particular program that will be provided.

In addition, I would like to emphasize the need for equal funding for the Section 8 certificates and vouchers of 50,000 each, which was the same amount that was provided in the past year.

The Administration's proposal has 27,000 unit reduction, and we do feel that it is necessary, given the current housing situation, to retain the current funding that was present last year.

In addition, some additional demands as a result of the HUD Reform Act make it essential that the 8.2 percent administrative fee be fully funded.

Housing authorities and managers of assisted housing programs are being asked to work with drug programs, with the Operation Bootstrap initiative, which is providing additional efforts that need to be made for providing or helping to monitor the job acquisition and performance of the residents in public housing, and we are also participating more in broad activities through such efforts as the Tenant Integrity program and that sort of thing, which are all administrative demands that are being made on the housing authorities in addition to what has been their traditional role as far as administering the Section 8 program is concerned.

In addition, the housing bills that are currently being considered are considering some major changes in both the Section 8 certificate and voucher programs and that additional effort in terms of those changes are going to require additional work that will have to be performed by the housing authorities as well.

Additionally, appropriations for the 15-year terms for project base assistance are really necessary to ensure that projects are feasible and that there is coordination with the low-income housing tax credit.

The current five-year materials are really too short to obtain proper private financing, and shorter rental term—shorter term for rental assistance greatly increases the risk during the tax credits 15-year term.

Funds for the Section 220 moderate rehabilitation and mod rehab SO programs are approved programs when administered properly, and we would encourage funds be retained for those programs.

In addition, monies for fair and workable prepayment plan are necessary. We believe the contracts that have been executed between the government and firms that have built this housing should be honored, and that some type of fair market value should be provided as an initiative to retain that housing in the low-income housing stock.

In addition, expiring contracts are starting to come on the horizon, and we do believe that it's necessary to maintain the funding for those expiring contracts and continue them into the future.

There is a need for Section 8 assistance to be provided for property disposition, which appears to have been dwindling in priorities some time over the last few years, as well as monies to implement the changes in the HUD Reform Act. Those areas that do require funding should be providing the funding that is necessary.

So as a summary, if you have any questions, I would be happy to answer them.

Mr. GREEN. Thank you very much. Obviously, you referred to the housing legislation that is pending in the Banking Committee, that gives us something of a problem in the sense that it's a moving target in a way, and whether we will be done first or they will be done first, one doesn't know at this point.

Mr. POUR. Our concern is that there be some kind of an appropriation, and preferably the $4 billion in addition seems to be indicated for whatever the new program is coming available, although we do appreciate the position that that puts you in, being an Appropriations Committee.

Mr. GREEN. Well, we thank you very much for your testimony.

[The statement of Mr. Pour follows:]

National Leased Housing Association
serving America's rental housing needs
NLHA

2300 M STREET, N.W. / SUITE 260 / WASHINGTON, D.C. 20037 / (202) 785-8888

TESTIMONY

IVAN POUR, VICE-PRESIDENT

NATIONAL LEASED HOUSING ASSOCIATION

SUBCOMMITTEE ON VA-HUD-INDEPENDENT AGENCIES

HOUSE APPROPRIATIONS COMMITTEE

MAY 2, 1990

FY91 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT BUDGET FOR LOW AND MODERATE INCOME MULTIFAMILY RENTAL HOUSING

Testimony of Ivan Pour, Vice-President
National Leased Housing Association
Before the Subcommittee on VA-HUD-Independent Agencies

House Appropriations Committee

May 2, 1990

My name is Ivan Pour. I am president of Connecticut Western Reserve, Inc. and am a Vice-President of the National Leased Housing Association on whose behalf I am testifying today.

The National Leased Housing Association represents more than 750 member organizations involved in low income multifamily rental housing -- non-profits, public housing authorities, developers, management agents, financiers and syndicators. All of our members share an overriding concern for the provision of affordable rental housing for low and moderate income Americans. It is this concern that brings us before you today.

Our primary purpose here today is to urge this Committee, at a minimum, to fund assisted housing in FY91 at full current services levels plus an additional $4 billion to cover costs of a new housing program.

This year increased funding for housing is crucial as Congress works towards passage of landmark housing legislation which would expand the supply of affordable housing. Congressional efforts are meaningless without significant funding.

As you well know, since 1981, budget authority for assisted housing programs has been cut by over 70 percent. We cannot emphasize too strongly that assisted housing has already taken more than its fair share of budget reductions; the increase of $4 billion would restore only 6% of these cuts. Although specific programs are subject to thorough examination, we must never lose sight of the bottom line conclusion that the federal government has an essential role to play in assuring that every American is adequately housed. This point has been reemphasized again and again in various task force reports on the current national housing crisis. In recent years, more and more reliance has been placed on utilizing existing housing through such sound programs as PHA administered Section 8 certificates. However, the federal government has the obligation to assure that the housing stock exists in the first place. Rental assistance is of little help in markets where there is no housing. Whether such stock is produced through deep or shallow subsidies, and the varying degrees of interplay between federal, state or local action are subjects for fair debate. But the traditional federal role in low income rental housing production must continue.

We are concerned about not only the dollar funding level, but also the programs that are to be funded. NLHA urges continued support for the Section 8 certificate and voucher programs, the Section 8 moderate rehabilitation and moderate rehabilitation SRO programs and the Section 202 program.

Though the debate over the effectiveness of vouchers versus certificates continues, NLHA is working with HUD and Congress to merge the two programs to combine the best features of each. In the interim however, we urge that the certificate program be funded at an equal level with the voucher program. The Administration has requested 27,000 less incremental units than it did in FY90. Given the great need, we feel this is a travesty. We feel it would be appropriate to fund each program at 50,000 unit level which would approximate the Administration's request last year. And in light of the increasing costs of implementing both the certificate and voucher programs, due to various HUD reforms, we would also urge that monies be appropriated to provide for the 8.2% administrative fee that is called for in the Housing and Community Development Act of 1987. It is important that this fee be 8.2% for all units both incremental and non-incremental, so as to avoid the administrative burden of calculating multiple fees.

With regard to Section 8 certificates, it is essential that monies be appropriated for 15 years of assistance to ensure the feasibility of federally authorized housing tools including project based assistance and the low income housing tax credit. Under the project based assistance program, certificates are tied directly to a rehabilitated or newly constructed unit. It is very difficult, if not impossible, to obtain the necessary private financing needed to utilize project based assistance, without a long term guarantee of rental assistance. Likewise, where the low income housing tax credit is used with project based certificates, the certificate term should be 15 years so as to conform with the low income requirements of the tax credit. A shorter term increases the risk of a recapture of the tax credits and acts as a severe disincentive to investors who cannot afford such a risk. Such long range monetary commitments provide the financial guarantee necessary to induce crucial private investment.

In recognition of the lack of availability of affordable existing housing in many areas, it is important to be able to rehabilitate those buildings that, with a little work, could easily house many homeless Americans. Given the tighter monitoring and allocation procedures included in the HUD Reform Act of 1989, it is important to once again fund the Section 8 moderate rehabilitation program, which when properly administered, can be very successful in providing much needed housing.

Furthermore, Section 801 of the HUD Reform Act of 1989 contains a Section 8 contract rent adjustment settlement which is currently being litigated on constitutional grounds. If the courts rule that the provision is in fact constitutional, adequate monies should be appropriated to ensure that owners of Section 8 housing receive the settlement outlined in the statute.

With the number of new units being produced at a record low, and the lack of affordable housing reaching unprecedented levels, we have an ever increasing and unconscionable homeless population. Preservation of low income units is critical! As the Housing and Community Development Act of 1987 prepayment restrictions expire September 30, a number of proposed solutions which include incentives to keep the housing in low income stock, have been put forward to address this critical problem. We urge this Committee to make available the necessary monies to implement a fair solution that protects both owners' and tenants' rights. In addition, we strongly recommend that adequate funding be provided to facilitate the sale of HUD-owned projects to aid in the preservation effort.

Finally, we cannot ignore the escalating problem of expiring subsidy contracts. We applaud this Committee and the Administration's past commitment to funding all the contract renewals and we hope that it will continue to do so for the future. This nation's housing needs are too great to risk the loss of any further funds.

We look forward to working with this Subcommittee and we appreciate being able to share our thoughts with you.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

GALE CINCOTTA, NATIONAL TRAINING AND INFORMATION CENTER, CHICAGO, ILLINOIS

Mr. GREEN. Next we have Gail Cincotta, the Executive Director of the National Training and Information Center. We are happy to welcome you back to our subcommittee.

Ms. CINCOTTA. I have a full set of testimony I would like included in the record.

Mr. GREEN. Without objection.

Ms. CINCOTTA. I know I have a very short time here. I am here primarily to try and convince you not to raise the FHA loan limits through the Appropriations Committee. Last year they got raised through the Senate Appropriations Committee as a temporary measure. They are now talking about keeping them temporary again for two additional years, which starts to sound permanent.

I have been involved with dealing with this FHA issue for about 20 years. In the early 1970s, there was a foreclosure rate and default rate of where HUD owned almost 100,000 units.

Our organization worked and got the Justice Department indictments of realtors, FHA appraisers, officials, inspectors, et cetera. We got the 518(b) reimbursement program passed, the mortgage assignment program passed, both measures to keep people in their homes. We saw our community devastated, and in looking at the 1988 and 1989 data of FHA foreclosures now where the inventory, which we had gotten down to levels of 1980 and 1981 to 19,000 a year for both years is now back up to almost 96,000 units that the Federal Government owns, and with a default payment at $5.5 billion, of good money that could have gone to house people in the housing programs in this country.

We would like the FHA limit not to be raised. Also, that people would not use their IRA for down payment on FHA, unless they paid the taxes.

I don't mind if they use it as savings, as long as they don't get a subsidy, because it is mostly wealthy people that have IRAs. Adjustable rate mortgages also are very bad and lead to foreclosure.

We are proposing that FHA mortgages not be more than 97 percent loan to value. We have homes all throughout our areas that the mortgage was anywhere over 100 to 110 percent. One of the problems of why it gets to that point, is that instead of the insurance premium being financed over the life of the mortgage, it is an up-front hit and that is why I usually like people to appropriate that money, so if you get a lot of FHA loans, you get a lot of 3.6 in the insurance fund as a huge chunk of money.

But what that does is by the time you add that and the closing costs in, with a very low down payment, you have homes that are way higher than they are worth, and people do not have equity in homes. People have to have equity. We would support that HUD would get more money for counseling, and we would find, too, counseling makes a difference, and HUD would get staff to monitor the program.

What we are also proposing is that a disclosure be put into effect with the people who write the FHA paper mortgage banker, et cetera, would have to disclose quarterly when the mortgage went into default and when it went into foreclosure, and when it was originated. And it would be by census track.

HUD does not have any way to monitor. This data all goes to HUD. They don't monitor it. It is not open to the public. It should be like a CRA where we could initiate a legislative complaint, and by census track, you could find out what lenders, which mortgage bankers in which area have the high foreclosure they could be suspended by HUD, or their right to do FHA business.

I just think when you talk about a $5.5 billion drain on the taxpayers, when we can't get that kind of money for housing, and what it does in neighborhoods that have anywhere from 100 to 3,000 vacant buildings in them, in the housing stock, you lose.

So that the other thing we talked about was a level of Ginnie Mae playing field, that right now there is an incentive to write larger mortgages, because you get more money for managing them if you are a mortgage banker.

We are talking about two ways, if you could level that playing field so a low cost mortgage and a high cost mortgage, would yield the mortgage banker the same return, but there would be a cross subsidy, and in doing that, because usually, and there is included a study, that loans under, if you lift the ceiling, you lift the floor, and loans now under $80,000 are getting penalized up to five percent.

Again, when you add that and the insurance and everything else, you get a dastardly deal going. We also find that a lot of the lenders, the higher the capital goes up, the higher the mortgage they want to do, and they won't write low cost mortgages, which aren't necessarily available in New York, but are available in other parts of the country, including Chicago, for under $60,000.

So again, I know you have a lot of people talking today, but we are just very concerned, and we just see it coming through the Senate again and it just is killing our neighborhoods. It is just killing us. We have spent years getting HMDA and CRA, and getting the private mortgage insurers, the secondary market, getting the banks and S&L into our neighborhood. We have negotiated about $3 billion worth of conventional agreements, and then FHA just destroyed it.

It is like there is this department of HUD that has an FHA program that destroys, and then the CDBG and everything else that has to come behind in and appropriate money to clean up the mess. It is just crazy that an institution within the government does that, that one part doesn't talk to the other, and where the expenditures are going and why they are going there.

Mr. **Green**. Well, you have covered a lot of territory.

Ms. **Cincotta**. Real fast talking.

Mr. **Green**. Thank you very much.

Ms. **Cincotta**. Thank you.

[The statement of Ms. Cincotta follows:]

NTIC National Training and Information Center
810 N. Milwaukee Ave. □ Chicago, Illinois 60622-4103 □ (312) 243-3035

TESTIMONY OF
GALE CINCOTTA,

EXECUTIVE DIRECTOR,
NATIONAL TRAINING AND INFORMATION CENTER

BEFORE THE
HOUSE SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

MAY 2, 1990

Mr. Chairman, I thank you for the opportunity to testify before you, and the members of the House Subcommittee on HUD, VA, and Independent Agencies. My name is Gale Cincotta and I am Executive Director of the National Training and Information Center, a resource and training center for neighborhood-based organizations, and Chairperson of National People's Action, a national coalition of grassroots community groups.

HISTORY

For twenty years we have seen neighborhoods across the country devastated by mortgage bankers and realtors engaging in abusive FHA lending. Our involvement in the FHA issue over the years has led to widespread reform of the system, including: indictments by the Justice Department of Realtors, bankers, builders, and inspectors; the 518 A and B payback program; the Mortgage Assignment Program; and the Repair and Sell Program in Cleveland and Chicago. That program repaired and sold hundreds of homes in each city, and total effect of the effort was to reduce the inventory of vacant FHA buildings down to 19,000 properties. The data for 1988, after staff cuts and the discontinuation of the Repair and Sell program, shows the HUD inventory at 95,000 vacant FHA buildings. In certain neighborhoods in Chicago (and certainly in other cities) the cycle of foreclosures is back in full swing. (The Repair and Sell program, incidentally, is the only program that ever earned revenues for HUD and the FHA.)

The National Training and Information Center was also instrumental in passing the Community Reinvestment Act (CRA), and the Home Mortgage Disclosure Act (HMDA). HMDA data, which should have provided a means for community groups to obtain concrete evidence of redlining they knew was occurring in their neighborhoods, has not been available for FHA lending for the last nine years. HUD has neither gathered, analyzed, nor released the lending data since 1980. The data for conventional lending by S&L's, however, has been available since 1975.

FHA REFORM

The FHA has historically provided homeownership opportunities to great numbers of Americans who otherwise would not have had such opportunities. Abuses of the FHA program have, however, also been responsible for the total destruction of many inner-city neighborhoods all over the country, and for the loss of many homes and homeownership opportunities. A new wave of destruction is moving in on inner-city neighborhoods again, thwarting the efforts of non-profit community developers to bring back areas which were once stable communities. The only way to break the cycle of foreclosure and neighborhood destruction is to institute the following reforms, before any thoughts of expanding the FHA are entertained:

1. LIMIT LOAN-TO-VALUE RATIOS TO 97%

One major cause of the high foreclosure rates is the practice of lending more than the collateral property is worth. Often FHA lenders allow borrowers to roll in closing costs, which results in loan-to-value ratios up to 105% or even 110%. This represents a great danger to the borrower who has no equity interest in the property, and who cannot recoup the mortgage amount by selling the house, and to the FHA which must swallow the loss in the even of a default. This is a very common scenario in our neighborhoods, and we therefore feel strongly that a policy of enforcing loan-to-value ratios no higher than 97% under the FHA program is crucial.

2. TARGET FHA TO BORROWER INCOME

Rather than indexing the FHA ceiling to home prices, the loan limit should be a function of borrower income. The FHA, in order to fulfill its purpose of opening up homeownership opportunities for low- and moderate-income families, should be limited to serving families whose incomes do not exceed either 115% of area median, or 125% of state median household income.

3. DISCLOSE FHA LENDERS' FORECLOSURE RECORDS TO THE PUBLIC

Unscrupulous use of the FHA program, especially careless or fraudulent underwriting, is responsible for high rates of fast default and foreclosure leading to quick turnover of houses, abandonment, and destruction of neighborhoods. Abuse is well-known, and concentrated in certain geographic areas.

Communities must be empowered to put a stop to such practices,and can only do so with the concrete evidence of lending data. A quarterly list of defaults and foreclosures by lender and census tract, including the date of the loan's origination, must be made available by HUD to the public. Like CRA and HMDA, this disclosure must provide a mechanism for community groups to trigger investigations of lending abuse in their neighborhoods.

4. PENALTIES FOR ABUSE OF THE FHA PROGRAM

To follow up on the disclosure and investigation of bad lending, HUD must have the ability to suspend or revoke lenders' FHA lending privileges, or cut them off of the direct endorsement program when patterns of abuse are revealed. This must be possible, even if a lender's overall record (covering a larger geographical area than that experiencing high foreclosure) looks acceptable.

5. AUTHORIZE MORE FUNDING FOR MONITORING AND COUNSELING

Because of the persistent abuse of the FHA program, reforms without monitoring and educated homebuyers will never be sufficient. Therefore, more funding is needed for both HUD monitoring staff, and for pre-purchase and default counselling for homebuyers.

6. REQUIRE HUD AND LENDERS TO NOTIFY DELINQUENT BORROWERS OF THE MORTGAGE ASSIGNMENT PROGRAM

Homeowners who fall into delinquency often lose their homes needlessly due to lack of, or misleading, information received in letters from the mortgage holder. HUD and the lender should both be required to inform delinquent borrowers directly and immediately that they can apply for the Mortgage Assignment Program and very likely save their home, before they receive threatening letters from the mortgage holder. The assignment program allows homeowners to defer payment of their mortgage as much as 38 months, or restructure their payments in some other helpful way. Borrowers should also be given the name and number of the counselling agency nearest them.

7. ELIMINATE EXTRA POINTS CHARGED FOR SMALLER LOANS AND INSTITUTE A LEVEL GINNIE MAE SERVICING FEE

Because mortgage lenders receive their servicing fees as a percentage of the loan amount, there is a built-in bias to make larger loans. As a result, many lenders either have illegal minimum loan amounts or discriminate by charging borrowers higher origination fees (up to 5 extra points) on smaller mortgages. An even servicing fee would remove the incentive to make only larger loans or make small loans but discriminate by charging higher fees, because it would compensate the lender for the less lucrative loans. It would do this by assuring the lender of a fair fee on every loan, regardless of size. Under this proposal, the lender would receive a servicing fee of .44% of the national average FHA loan amount for every loan made, regardless of its size. Borrowers would still pay .44% of their own mortgage amount, but GNMA would redistribute the funds so lenders received a uniform fee per loan.

8. LIMIT FHA TO FIRST-TIME HOMEBUYERS

To keep the FHA in the service of those families who need help breaking into the housing market, the FHA should be limited to first-time homebuyers or those who have not owned homes in the last three years.

POLICY CHANGES WHICH MUST BE AVOIDED

Besides the reforms that are needed to end the abuse of FHA and resulting catastrophe of abandonment and neighborhood destruction, there are proposals for changes in FHA policy which either recur, or persist, and which must be resisted, as they would only serve to aggravate discrimination in lending and increase the rate of foreclosure.

9. DO NOT RAISE THE FHA LOAN LIMIT

When the FHA ceiling is moved up, the floor moves up with it. Surveys conducted by NTIC in 1989 of the 7 largest FHA lenders in the country and of major lenders in Chicago, Philadelphia, Milwaukee, and Cleveland show that mortgage lenders discriminate by imposing illegal minimum loan amounts below which they will not lend, and by charging extra points and fees to originate smaller loans. (Fig.s 1 and 2). Mortgage bankers prefer to make larger loans, so the higher the ceiling goes, the more people will be shut out of the housing market. In some cases, the minimum loan amounts are already as high as $60,000. A raise in the FHA loan limit will only reinforce this practice.

The current temporary FHA limit is $124,875. In order to afford the monthly payments on a house costing more than that, **a family would need an income of at least $50,000 to $63,000.** Ninety percent of Americans earn less than $63,000 per year. So who would benefit from a raise in the FHA limits? The wealthiest ten percent of America's population. This is hardly the segment of population to target if increasing homeownership in America is one of our goals. A 1989 report by the Harvard Joint Center for Housing Studies shows that **89% of households with annual incomes over $50,000 own at least one home** (fig. 3, FACT 1). Households with such high incomes can easily obtain financing in the conventional market, and have no need of government insurance.

Considering the financial state of the FHA, and its worsening record on foreclosures over the last ten years, this is a very unwise time to expand the agency's operation. **According to HUD data, $5.1 billion in claims was paid in 1988 to cover 95,844 foreclosures.** The figure in '87 was 3.8 billion dollars. These are considerable increases from **1978 and '79, when just $621 and $586 million respectively was paid** in single-family claims. (Fig. 4). These figures are also reflected in the GAO's 1989 report on the completed 1988 Price Waterhouse audit of the agency. The audit reports losses of $4.2 billion for the FHA in 1988, $1.4 billion of which was incurred by the single-family insurance program.

Insuring larger loans would expose the FHA to larger losses when defaults occur. This is supported by the 1989 GAO financial audit of the FHA which states: "When higher value loans default, losses might be higher than they are on lower value loans. **Private mortgage insurers contend that loss rates rise with loan size...**" (Fig. 5). Those who argue that premiums paid for new insurance would bring in helpful revenues, are ignoring the increased costs a few years in the future which inevitably will be incurred by new foreclosures. It would be wise for the FHA to clean house before it expands its operations.

One argument says the limits must be raised because more expensive housing markets are undeserved by the FHA. California, one of the most costly markets in the nation consistently ranks first in state distribution of FHA loans. A 1989 report by the Congressional Research Service shows that **in 1988, and cumulatively since 1934, the state of California ranks first in its percent share of FHA loans made in the 50 states, in the number of loans made, and in the dollar amount of FHA lending.** (Fig.s 6 and 7). In 1988, California go 1 out of 6 FHA loans. (Fig. 8)

Another common argument claims that in high-priced markets, people who want to buy starter homes cannot afford to get into the housing market, because they can't get FHA loans on such high-priced homes. This argument makes no sense. **If you cannot afford a home, an FHA loan will not make it more affordable. An FHA loan will lower your downpayment (although conventional 5% down loans do exist), but it will also raise your monthly mortgage payment.** An FHA loan will not make an expensive house cheaper. If you want to buy a house requiring a loan over $125,000, you must have the income to support the monthly payments on such a large mortgage. In fact, you need a higher income to support the monthly payments under FHA precisely because the downpayment is so low.

The only advantage an FHA loan will bring, is that you do not have to save as long to accumulate a downpayment. That is plainly an advantage for wealthy first-time homebuyers who lack the patience to save. Families earning over $63,000 dollars a year should have far more discretionary income than those earning under $40,000, and consequently, should be better able to save for higher downpayments. There is no reason the federal government should put its resources at risk to insure loans for such wealthy families who have ample access to lending resources in the conventional market.

10. DO NOT RAISE THE LIMIT EVEN WITH 10% DOWN ON LOANS OVER $124,875

Borrowers who need larger loans can get conventional financing, especially if they are willing to put 10% down. Why bring in government insurance with its greater default risk, and costs to the taxpayers?

11. DON'T GIVE TAX BREAKS ON IRA FUNDS WITHDRAWN FOR DOWNPAYMENTS

The proposal in S. 566 which would permit the withdrawal of IRAs for use as downpayment funds is fine for those families who possess IRA's so long as they are still required to pay the taxes due on the funds withdrawn. But clearly, the proposal does not touch the population of low- and moderate-income families which the FHA should serve, and whose share of the homeownership market is dropping.

The Harvard study also shows that from 1985-'88 the proportion of first-time homebuyers with incomes under $40,000 decreased 17%, from 59% to 42%. The national average income is slightly under $40,000. The study also shows that only those with incomes exceeding $35,000 a year have enjoyed rising rates of homeownership since 1974. (fig. 9)

12. DON'T USE ADJUSTABLE RATE MORTGAGES UNDER FHA

Adjustable Rate Mortgages also present a great danger to FHA borrowers and to the FHA fund. ARM's presuppose predictable, rising incomes, and considerable property appreciation. In many FHA neighborhoods, this is not a fair assumption. ARMs would cause a ferocious rise in the default rate, and, consequently, in FHA losses.

13. DON'T "GREENLINE"

The proposal to "Greenline" lower-income neighborhoods is also a recipe for foreclosure disaster. This proposal, meant to aid inner-city neighborhoods, is vehemently opposed by neighborhood groups and advocates. "Greenlining" calls for giving forward commitments for FHA lending to S&L's and banks, and the inundation of certain subscribed areas with FHA lending. In Chicago and the South Suburbs (and in other cities, such as Cleveland), we already have a situation where certain neighborhoods are 100% government underwritten.

We DO NOT WANT any more areas of FHA concentration, and the FHA cannot afford it. We DO NOT want forward commitments for FHA lending to S&L's and banks. Under CRA they are required to lend in inner-city neighborhoods. Why should they lend only FHA? Let them lend conventionally--it's their business. We need a blend of FHA and conventional loans in all our neighborhoods.

CONCLUSION

Inner-city neighborhoods around the country have been suffering from wave after wave of foreclosure. When they finally are able to recover from one round of devastation, due to the efforts of community groups or innovative HUD programs, they are beaten back by a second round, as programs are cut. The devastation suffered by huge areas of Chicago and its South Suburbs are representative of the plight of many of our large cities. Communities will never recover from the destruction and destabilization of fraud, lack of supervision, and unsound lending practices under the FHA, unless the determination exists to put in force sensible reforms with the proper institutional support. Until the profound problems inherent in the FHA's structure are fixed, it would be foolish and perilous both to communities and to the FHA fund to expand its lending authority.

Thank you again, Mr. Chairman, for this opportunity to testify.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

RICHARD DRNEVICH, REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY, PENNSYLVANIA

Mr. **GREEN**. Richard Drnevich, representing the Redevelopment Authority of Allegheny County, Pennsylvania.

We have your full statement and we will include it in the record and you may proceed.

Mr. **DRNEVICH**. Allegheny County surrounds the city of Pittsburgh. There is about a million and a half people in the county and we have some problems.

According to a report prepared by the State House of Representatives entitled "Affordable Housing in Pennsylvania," 13.5 percent of all owner-occupied homes are substandard, and 18.9 percent of all rental dwelling units are substandard in the state.

Of the 600,000 substandard units, 458,000 can be rehabilitated, and that 252,000 are occupied by lower income households.

From 1970 to 1980, the cost of rental housing grew 241 percent. The medium purchase price grew 371 percent, but the income increased only 197 percent. Housing is not becoming more affordable. It is becoming less affordable.

With these statistics, what it means is close to one out of five Pennsylvania households, over a million households, need financial assistance for housing.

In Allegheny County, we use more major programs to help us address the housing problem. The first is the Federal Section 312 loan program, and we kindly request that that should be funded at $100 million, plus repayments from the existing loan portfolio, just one time, $100 million, and then it should be able to survive on the loan repayments over the years.

The rental rehabilitation program should be funded at $200 million. The community development block grant program should be funded at $4 million, and the mortgage revenue bonds that are permitted by Congress, the bond volume cap should be removed. These should be considered public purpose bonds for housing and the authorization to issue should be extended indefinitely.

I would like to briefly go over each one of the programs and just highlight a few points. The first is the Federal Section 312 loan program.

This program provides what no other type of rehabilitation program does. It provides a favorable interest rate with a term up to 20 years, maximum risks of structures with major deterioration possible in distressed neighborhoods.

It keeps low income homeowners that are at or below the poverty level in home ownership, because they can afford a three percent interest rate. It keeps people from becoming homeless. It allows a substantial amount of rehabilitation work to be completed with the upper limit of 33,500 per dwelling unit, and 100,000 per commercial structure. It gives no economic life and value to housing and commercial structures. They have become an asset to the community rather than a biting influence.

It leverages other public funds, in fact, in this program from a one-to-one ratio of public to private. It returns funds directly back to HUD with no native budgetary impact to be used for even more rehabilitation. It requires that other sources pay for administration and delivery systems in place.

However, it would really help if the interest earned by the portfolio would be available to help defray the administrative costs and relieve the community development block grant program of one of its many responsibilities. It rehabilitates residential, commercial, mixed use and owner-occupied or renter-occupied. This flexibility permits the program to use it as dictated.

Allegheny County uses this program extensively and as of April 1990 has 334 homes in the program valued at $11.5 million. We have done about 1,000 units.

The second is the rental rehabilitation program. It is cost-effective and it is a high production program. The average one-time rental subsidy is approximately 4,200.

In Allegheny County, we have rehabilitated 632 units since 1984 and have 100 buildings on a waiting list to participate in the program.

The rental units are affordable to low and moderate income households. Ninety-two percent of the units have grants at or below the fair market value, and 86 percent of the complete units continue to rent below the fair market rentals.

It leverages private funds in Allegheny County. Three million of rental rehabilitation funds has leveraged $6.9 million in private funds. It encourages rehabilitation of small properties and is user-friendly. As a result, the majority of properties are being rehabilitated by small rental property owners. These property owners would not have to reinvest it in their properties if the rental rehabilitation program had not reduced the risk and made the investment economic and feasible.

It is flexible enough to permit participation by nonprofits, as well as for profits, and again, the delivery system is in place.

The third program, community development block grant program, is extremely important. With the demise of the UDAG and Federal revenue sharing, with new communities becoming eligible for the use of these funds, with the appropriation being cut back year after year, the community development block program has been asked to do more with less.

A $4 billion funding level is needed and necessary to carry out the housing, economic and community development functions heaped upon it.

In 1980, Allegheny County received $19.1 million to address the needs of 127 municipalities and over a million people. In 1990, the allocation has been cut to $12.9 million. In the meantime, our steel mills have shut down, our housing has deteriorated and the infrastructure needs rebuilding.

We use the block grant program to implement the 312 program and to write down on mortgage revenue bonds.

Finally, the mortgage revenue bond program, this gives us the ability to issue taxes, exempt bonds to rehabilitate homes.

Twelve thousand owner-occupied homes over the past 10 years have come under this program. However, because of the bond volume cap, the reinvestment of our housing has been diminished since 1987, when we had less housing rehabilitation.

I have a summary listed here of the four programs of the funding levels that we are asking, plus some adjustments that should be made to make the program better.

One thing I do want to stress again that these programs are exceptional in that they leverage private funds. Some leverage for ever public dollar one private dollar. Others, one for three. With the mortgage revenue bond program for every public dollar we get 10 private dollars to do rehabilitation.

These, I think, are exceptional programs in the Federal Government in that we have that public-private partnership.

Mr. Green. Thank you very much. Certainly your hands-on experience with these programs is very valuable to this subcommittee, and we thank you.

[The statement of Mr. Drnevich follows:]

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

MAY 2, 1990

STATEMENT OF RICHARD P. DRNEVICH, DIRECTOR
REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
PITTSBURGH, PENNSYLVANIA

Members of the House, ladies and gentlemen, my name is Richard P. Drnevich and I am the Director of the Redevelopment Authority of Allegheny County. Allegheny County surrounds the City of Pittsburgh and is comprised of 130 municipalities and approximately 1.5 million people.

In Allegheny County and in the Commonwealth of Pennsylvania, diverse housing problems and needs exist and they have been outlined in a report prepared for the State House of Representatives, entitled: "Affordable Housing in Pennsylvania: A Strategy for Response". Among the salient findings of this report are the following:

-13.5% of all owner occupied homes are substandard, and 18.9% of all rental dwelling units are substandard. Of the 600,000 substandard units, 458,000 (76%) can be rehabilitated and 252,428 of these substandard units are occupied by low-income tenants.

-From 1970 to 1980, the cost of rental housing grew 241% and the median purchase price grew 371% while income increased only 197% for this same period.

What these statistics mean is that **CLOSE TO 1 OUT OF 5 PENNSYLVANIA HOUSEHOLDS (1,0600,000) NEED FINANCIAL ASSISTANCE FOR HOUSING.**

To address this need, Allegheny County has been using every available resource. Four of these resources, The Section 312 Federal Loan Program, the Rental Rehabilitation Program, the Community Development Block Program and the Mortgage Revenue Bonds, are essential to retain and improve housing affordability and livability.

There is a vital need to authorize and appropriate sufficient federal funds to continue these four proven programs at an effective level. **The Section 312 Federal Loan Program should be funded at $100 million plus repayments from the existing loan portfolio; The Rental Rehabilitation Program should be funded at $200 million; the Community Development Block Grant program should be funded at $4 billion; and the Mortgage Revenue Bonds should be removed from the bond volume cap and the authorization to issue extended indefinitely.** The following information will give you some indication about the effectiveness and efficiency of these programs in Allegheny County:

THE SECTION 312 FEDERAL LOAN PROGRAM - This program needs at least $100 million to be appropriated to help replace the $200 million that was taken from the program last year. The Program should then continue to be funded from loan repayments (approximately $100+ million per year) and made available at the beginning of the each federal fiscal year. This program does what no other type of rehabilitation program does:

PROVIDES A FAVORABLE INTEREST RATE WITH A TERM OF UP TO 20 YEARS THAT MAKES REHABILITATION OF STRUCTURES WITH MAJOR DETERIORATION POSSIBLE IN DISTRESSED INCOME NEIGHBORHOODS. In low income neighborhoods, street rents can not support debt service at private lending rates and terms. The 312 Program, with the interest rate tied to the treasury rate and a 20 year term, generally makes a monthly principal and interest payment supportable by $250-350/month rents and thus provides affordable housing by many low and moderate income households without additional subsidy. Conventional lending can not be affordable because of the higher interest rates and maximum terms of 10 -15 years.

KEEPS LOW INCOME HOMEOWNERS THAT ARE AT OR BELOW THE POVERTY LEVEL IN HOME OWNERSHIP BECAUSE OF THE 3% INTEREST RATE. Again, the low interest rate and long term permit low income homeowners to repair roofs, replace defective heating, electrical and plumbing systems and bring their home up to code standards. It keeps people from slipping deeper into poverty, FROM BECOMING HOMELESS and provides affordable, decent, safe and sanitary housing.

ALLOWS A SUBSTANTIAL AMOUNT OF REHABILITATION WORK TO BE COMPLETED. With the upper limit of $33,500 per dwelling unit and $100,000 per commercial structure, we find that structures that have major deterioration and are usually vacant and/or abandoned can be rehabilitated, house low and moderate income families and be placed back on the tax rolls. In many instances, if the 312 program did not exist, the structures would remain abandoned, continue to deteriorate and would have to be demolished. These structures exist in neighborhoods where private reinvestment will not occur because of the inability of the low return to support construction or major rehabilitation.

GIVES NEW ECONOMIC LIFE AND VALUE TO HOUSING AND COMMERCIAL STRUCTURES. THEY HAVE BECOME AN ASSET TO THE COMMUNITY RATHER THAN BLIGHTING INFLUENCES. In Allegheny County we have used this program to convert several abandoned schools into affordable housing for low and moderate income families, some of whom attended school there. In addition, these previously tax-exempt structures are now on the tax rolls.

LEVERAGES OTHER PRIVATE FUNDS. Although the 312 Program is a direct loan program, the national experience is that this loan program has a leverage ratio of approximately 1 to 1.

RETURNS FUNDS DIRECTLY BACK TO HUD (WITH NO NEGATIVE BUDGETARY IMPACT) TO BE USED FOR EVEN MORE REHABILITATION. The repayments of the loans and interest provide continuous funding and thus the 312 program does not require addition annual appropriations. If kept intact, the program can be self-sustaining and rehabilitation can continue for years to come.

REQUIRES THAT OTHER SOURCES PAY FOR ADMINISTRATION AND DELIVERY SYSTEM IS IN PLACE. A national delivery system is in place that processes the loan applications, gives technical assistance to the owner and monitors construction. The cost of this administration is borne by the local provider from other sources. However, it would really help if 5% - 10% of the annual amount (or interest earned by the portfolio) would be available to help defray the administrative cost and relieve the Community Development Program of one of its many responsibilities.

REHABILITATES RESIDENTIAL, COMMERCIAL AND MIXED USE STRUCTURES, EITHER OWNER OCCUPIED OR RENTER OCCUPIED. This flexibility permits communities to use the program as local need dictates and to address several needs that may exist in one neighborhood that has a mix of commercial and residential types. We have the ability to use this program in our 37 commercial revitalization areas in the County where there are commercial uses on the ground floor of buildings with residential uses above. There is no other program that can address this need.

Allegheny County uses this program extensively and as of April 1990, has 394 loans in the portfolio valued at $11,565,400.00.

THE RENTAL REHABILITATION PROGRAM - This Program should be funded at $200 million in 1991. It has been a workhorse for the rehabilitation of moderately deteriorated rental structures in Pennsylvania and Allegheny County. It has the following attributes:

COST EFFECTIVE AND HIGH PRODUCTION. The average one time rental rehabilitation subsidy is approximately $ 4,200.00. For this amount and no further subsidy many lower income citizens can afford decent housing. In addition, because of the program loan and/or grant structure, high production can be achieved. The delivery system is in place. As of 3-30-90, 168,000 units have received funding commitments and 117,500 units have been completed since 1984. This number would have been substantially higher if more funds had been available. In Allegheny County, we have rehabilitated 632 units since 1984 and have 100 buildings on a waiting list to participate in the program.

THE RENTAL UNITS ARE AFFORDABLE TO LOW AND MODERATE INCOME HOUSEHOLDS. Nationally, at the time of completion, 92% of the units had rents at or below the fair market value and 88% of the completed units continue to rent below fair market rents. In our review of completed structures in Allegheny County we find these units continue to be affordable for and occupied by lower income households. Low income households occupying units to be rehabilitated should continue to receive priority for Section 8 Certificates and Vouchers.

LEVERAGES PRIVATE FUNDS. Our experience in Allegheny County indicates that the $ 3 million of rental rehabilitation funds expended leveraged $ 6.9 million of private funds. This $ 9.3 million produced 632 units of affordable housing. In addition this program is encouraging private lending institutions to lend in distressed neighborhoods because the Rental Rehabilitation Program removes some of the risk factors.

ENCOURAGES REHABILITATION OF SMALL PROPERTIES AND IS USER FRIENDLY. The vast majority of properties (83%) are under 20 dwelling units and the 60% of rental properties have less than 4 dwelling units. In addition, in Allegheny County we find that rental property owners who have done one structure are coming back and reinvesting in a second deteriorated structure, usually in the same neighborhood. The deferred loan provided under our rental rehabilitation program is just enough to allow a small profit margin to make the projects feasible. We find that certain larger developers are not interested in the program because the subsidy provided is not as great as other programs (Section 8 Moderate Rehabilitation) and because the Certificate or Voucher for a very low income household goes with the tenant and not with the unit. As a result the majority of properties are being rehabilitated by small rental property owners. These property owners would not have reinvested in their properties if the Rental Rehabilitation Program had not reduced the risk and made reinvestment economically feasible.

FLEXIBLE ENOUGH TO PERMIT PARTICIPATION BY NON-PROFITS AS WELL AS FOR-PROFIT DEVELOPERS. The Rental Rehabilitation Program is being used by non-profits and for-profits alike. This flexibility makes sure that all areas of the county can participate, not just those that have sophisticated non-profits and not just those that have for-profits that are hesitant about going into the worst neighborhoods. In Allegheny County, there has been reinvestment by both non-profits and for-profits in our most distressed neighborhoods.

THE DELIVERY SYSTEM IS IN PLACE AND WORKING WELL. A single point of contact in Allegheny County for the program has made the program available to all qualified areas not just those with a better understanding of how to access federal programs. As a result the funds are widely distributed, encouraging rehabilitation in many places simultaneously and dispersing lower income housing throughout many communities.

THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM - With the demise of UDAG and Federal Revenue Sharing; with new communities becoming eligible for the use of these funds; and with the appropriations being cut year after year, the Community Development Block Grant has been asked to do more with less. A $4 Billion dollar funding level is needed and necessary to carry out all the housing, economic and community development functions heaped upon it. In 1980, Allegheny County received $19.1 million to address the needs of 127 municipalities and over 1,000,000 people. In 1990, the allocation has been cut to $12.9 million. In the meantime, our steel mills have shut down, our housing is deteriorating and our infrastructure needs rebuilding. This program has the ability to respond to local priorities and together with the Section 312 Loan Program, the Rental Rehabilitation Program and Mortgage Revenue Bonds can provide communities the flexibility to address housing needs for low, moderate and median income citizens.

MORTGAGE REVENUE BONDS - The ability to issue these types of tax-exempt bonds has allowed Allegheny County to achieve the rehabilitation of

12,000 owner occupied homes over the past ten years. However, because of the bond volume cap, the reinvestment in our housing has been diminished since 1987. Decent, safe and sanitary housing should be available to our citizens. As such mortgage revenue bonds for housing should be considered a public purpose, removed from the bond volume cap and the authority to issue should be extended indefinitely.

In summary, we kindly request that the Appropriations Committee give favorable consideration to the following recommendations:

Section 312 Loans
- $100 million for new loans
- Flexibility of the interest rate
    a. Owner occupants with household incomes of 80% to 95% of median pay a rate equal to 50% of the treasury rate
    b. Investor owners who have at least private financial participation of a minimum of 40% of rehabilitation costs would pay a 312 rate equal to 75% of the treasury rate
- Program lending period is the same every year - the beginning of the fiscal year to the time the funds are obligated
- 5% to 10% of funds can be used for program implementation by local implementation agencies
- Funds must be used for the program and cannot be diverted to other programs
- give non-profits the ability to make loans by waiving the recourse lending requirement

Rental Rehabilitation Program
- $200 million funding level
- Low income families in units to be rehabilitated would receive priority for Section 8 Certificates and Vouchers

Community Development Block Grant Program
- $4 billion funding level
- Permit lump sum drawdown for rehabilitation programs
- Continue 60% low moderate income benefit
- Continue flexibility to address community needs with no proportional accounting

Mortgage Revenue Bonds
- Remove from Bond Volume Cap
- Extend authorization to issue indefinitely

Members of the Committee, on behalf of Allegheny County and its citizens, thank you for hearing our concerns and recommendations. We have real need for all the above programs. Over the years they have helped communities improve housing; benefit low and moderate income families; and address local priorities and needs. The funding at the levels requested will demonstrate the importance that Congress places on a decent home for every citizen and on a community that can provide employment opportunities in a healthy and safe environment. Thank you for your time and consideration.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESSES

CONRAD LUCERO, PUEBLO OF LAGUNA HOUSING AUTHORITY, LAGUNA, NEW MEXICO

CLARA GREEN, EXECUTIVE DIRECTOR, PUEBLO OF LAGUNA HOUSING AUTHORITY, LAGUNA, NEW MEXICO

Mr. GREEN. Conrad Lucero, am I pronouncing that correctly, of Pueblo of Laguna Housing Authority?

We have your full statement and we will put it in the record and you may proceed.

Mr. LUCERO. Mr. Chairman, members of the committee, my name is Conrad Lucero.

Before I start my testimony, I would like to offer you some photographs of the housing on the reservation. As you know, last year the Administration proposed zero funding for Indian housing development. Funding sufficient for 1,800 units was ultimately appropriated for fiscal year 1990.

The Administration, again, is proposing zero funding for Indian housing in 1991. I am here to testify before this committee concerning the housing crisis at Laguna Pueblo and to urge you to appropriate funds for 3,000 units for Indian housing in fiscal year 1991.

The Pueblo Laguna is a small tribe about 6,500 people. The Pueblo is located in central New Mexico and its housing programs primarily are administered by the Pueblo Laguna Housing Authority. Although a few other Federal and tribal programs provide some housing assistance, the majority of the tribal members rely on HUD-assisted housing.

We have many problems with our existing housing on the Pueblo. Some of the housing is in extremely poor condition, as shown by the pictures that I just gave you. We also have a number of abandoned houses that were built in flood plains and have experienced settling, and that is HUD housing.

Some of the houses at the Pueblo are substandard, still have dirt floors, still have no electricity, no indoor plumbing. The Housing Authority and its tenants constantly must deal with cracking walls and overflowing septic tanks.

The sewage problems really threaten the quality of life, and because the nearby San Jose River is in close proximity to most of the Laguna sewage systems, and our children and Pueblo members use that river for playing, as well as fishing, and the like.

In short, the Housing Authority simply does not have adequate funds to maintain our housing projects in the safe, decent, sanitary condition, which the Laguna people need and desire, and which is mandated by Federal law.

We currently have 40 families on our housing waiting list. The average family on the waiting list consists of two adults and three children. The housing shortage has caused some families to share homes and at least one family lived in a van for over six months while waiting for housing to become available.

The degradation and demoralization caused by cramming families together by sleeping on unheated flooring, by forcing married couples to sleep in the same room or beds as their babies and their parents, it is taking its toll on the Indians in this country.

As you know, the issue of the homelessness among non-Indians recently has received much legislation as well as public attention. As an Indian person, I find it shocking that the Indian people who were here first are having their needs met last. Even more discouraging is the fact that these dismal conditions have existed for decades and are only getting worse each year.

In 1986, the Bureau of Indian Affairs' survey of housing needs in Indian country indicated that over 90,000 Indian families are without adequate housing. We have that information available if you so desire to have that survey. I have no doubt that these figures are rising as the Indian population increases. Ironically, Indian housing program appropriations have developed drastically since 1980.

Last year, as well as this year, the Administration has proposed zero units of new Indian housing. This proposal is absolutely cruel and irresponsible, and flies in the face of Federal trust responsibility owed to the Indian tribes.

The Pueblo Laguna Housing Authority is committed to meeting its obligations to provide adequate housing for members of the Pueblo. This obligation requires that the Housing Authority continuously operate under a physical handicap. This obligation also requires the Housing Authority to develop and maintain approximately 440 housing units without computers, or adequate office space.

The bottom line, however, is that the obligation cannot be met with zero dollars. Meaningful assistance in addressing critical Indian housing problems requires continued Federal appropriations for Indian housing.

Accordingly, the Pueblo Laguna respectfully urges this committee to appropriate funding for the construction of 3,000 new units for Indian housing programs in fiscal year 1991. On behalf of the Pueblo of Laguna and the Pueblo of Laguna Housing Authority, I thank you for giving us this opportunity to come before you and address the needs for Indian housing across the Indian country.

Mr. GREEN. What sort of operating subsidy dollars do you get from HUD under the formula?

Mr. LUCERO. Basically, the only thing, if I am not mistaken, we have just begun a CIAP program for the modernization, and I think it is basically an emergency type modernization program that they are undertaking at this time.

Mr. GREEN. But you are not getting any operating subsidy dollars?

Mr. LUCERO. I am not sure what that level is. I have my executive director with me from the Housing Authority. She can probably better answer that for you. This is Ms. Clara Green.

Mr. GREEN. How are you?

Ms. GREEN. Total is $179,000.

Mr. GREEN. $179,000 of operating subsidy.

Thank you very much. We appreciate your testimony.

[The statement of Mr. Lucero follows:]

LAGUNA HOUSING AUTHORITY
P.O. Box 178 Laguna, New Mexico 87026
(505) 552-6430

TESTIMONY OF CONRAD LUCERO, GOVERNOR,
PUEBLO OF LAGUNA
BEFORE THE COMMITTEE ON APPROPRIATIONS,
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES
MAY 2, 1990

Mr. Chairman, members of the Committee, my name is Conrad Lucero and I am the Governor of the Pueblo of Laguna. As you know, last year the Administration proposed zero funding for Indian Housing development. Funding sufficient for 1800 units was ultimately appropriated for Fiscal Year 1990. The Administration again is proposing zero funding for Indian Housing development in 1991. I am here to testify before this Committee concerning the housing crisis at Laguna Pueblo and to urge you to appropriate funds for 3000 new units of Indian Housing in Fiscal Year 1991.

The Pueblo of Laguna is a small tribe of about 6500 people. The Pueblo is located in central New Mexico and its housing programs primarily are administered by the Pueblo of Laguna Housing Authority. Although a few other federal and tribal programs provide some housing assistance, the majority of the tribal members rely on HUD-assisted housing.

We have many problems with our existing housing on the Pueblo. Some of the housing is in extremely poor condition. We also have a number of abandoned houses that were built in flood plains and have experienced settling. Some of the houses at the Pueblo are substandard, having dirt floors, no electricity, and no indoor plumbing. The Housing Authority and its tenants constantly must deal with cracking walls and over-flowing septic tanks. The sewage problems threaten water quality in the nearby San Jose River where our children play and our tribal members fish. In short, the Housing Authority simply does not have adequate funds to maintain our housing projects in the safe, decent, and sanitary condition which the Laguna people need and desire, and which is mandated by federal law.

We currently have forty families on our housing waiting list. The average family on the waiting list consists of two adults and three children. The housing shortage has caused some families to share homes and at least one family lived in a van for over six months while waiting for a house to become available. The degradation and demoralization caused by cramming families together; by sleeping on unheated floors in unplumbed older homes; by forcing married couples to sleep in the same rooms--or beds--as their babies and their parents, is taking its toll on the Indians of this country.

As you know the issue of homelessness among non-Indians recently has received much legislative, as well as public attention. As an Indian person, I find it shocking that the Indian people who were here first are having their needs met last. Even more discouraging is the fact that these dismal conditions have existed for decades and are only getting worse each year. A 1986 Bureau of Indian Affairs survey of housing needs in Indian country indicated that over 90,000 Indian families are without adequate housing. I have no doubt that these figures are rising as the Indian population increases. Ironically, Indian Housing Program appropriations have dropped drastically since 1980. Last year, as well as this year, the Administration has proposed zero units of new Indian housing. This proposal is absolutely cruel and irresponsible, and flies in the face of the federal trust responsibility owed to Indian tribes.

The Pueblo of Laguna Housing Authority is committed to meeting its obligation to provide adequate housing to members of the Pueblo. This obligation requires that the Housing Authority continuously operate under a fiscal handicap. This obligation also requires the Housing Authority to develop and maintain approximately 440 housing units without computers and adequate office space. The bottom line, however, is that the obligation cannot be met with zero dollars. Meaningful assistance in addressing critical Indian housing problems requires continued federal appropriations for Indian housing. Accordingly, the Pueblo of Laguna respectfully urges this Committee to appropriate funding for the construction of 3000 new units for Indian housing programs in Fiscal Year 1991.

On behalf of the Pueblo of Laguna and the Pueblo of Laguna Housing Authority, I thank you for this opportunity to appear before the Committee and to make our concerns known.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

JACOB VIARRIAL, PUEBLO OF POJOAQUE, SANTA FE, NEW MEXICO

Mr. **GREEN**. Jacob Viarrial of Pueblo of Pojoaque, we have your statement, and you may proceed as you would like.

Mr. **VIARRIAL**. Thank you, sir.

Before I start, I would like to ask if I might also say a few words on the subject that Mr. Akaka spoke on earlier?

Mr. **GREEN**. By all means, sir.

Mr. **VIARRIAL**. I would like to first start on the housing issue, Pueblo of Pojoaque. I am the Governor and the Housing Commissioner for my Pueblo also.

Our population is 180 enrolled members. We have approximately 13,000 acres.

We house about 250 people that are married into the Pueblo adoption, shacking up. The Housing Authority is made up of six different pueblos. It is in the area we have Tesuque, Picuris, San Ildefonso and Nambe, and Taos of Pueblo. So I will be speaking on their behalf, also.

The Housing Authority administers 430 units. We manage the participating affairs, record keeping, collection of accounts and receivables. There are at Pojoaque alone there are 49 units, but we need 10 more at this time. We do have a shortage of housing. A recent survey shows that approximately 90,000 homes were needed Nation-wide, and the congressional research service recently completed a study that shows that overall, Federal Indian spending has fallen drastically behind other equivalent Federal spending areas, and this includes Indian housing.

Unfortunately, the conditions at the Pojoaque Pueblo are typical and are evidence of direct correlation between inadequate funding and community deterioration.

Our unemployment among Pueblo members is high, while health, education and housing services through the Pueblo are low, due to the lack of adequate Federal funding in Indian programs.

Much of existing housing for Pueblo members at Pueblo of Pojoaque consist of very old, very dilapidated homes. Many of these homes have leaking roofs, rotting floors and crumbling walls. Some toilets no longer work and the electrical wiring is inadequate, outdated and dangerous.

We understand that this year, like last year, the Administration has proposed zero funding for Indian housing development. Congress funded 1,800 new homes for fiscal year 1990. However, even last year's appropriation only minimally addresses the severe housing problems present in Indian country.

As I speak, about 250 Federal recognized tribes are competing for those 1,800 units. While the Pueblo takes its obligation to provide safe, sanitary and decent housing to members of the Pueblo seriously, we simply must have adequate Federal help to provide effective housing services.

Last year Congress created the National Indian Housing Commission to study Indian housing and provide recommendations of the better ways to provide housing services. However, no funds were appropriated. We request $500,000 for the Commission.

In addition, inadequate action on technical amendments on the Indian CDBG program is also needed. The tribe relies on that program very heavily. We have a 200 space mobile home park, a tourist information center, a 15,000 square foot market, and a lease of program, and professional building, and many of these enterprises were brought through the tribe, through the CDBG program. So we depend on that a lot to help us try to establish economic development on the program, which is awaiting. The Federal Government wants us to look into obtaining self-sufficiency and self-preservation.

I am going to just add in closing that we recently had one of our members come back to the reservation because of a divorce, but there was no where to place him. So he bounced around from family member to family member, and problems arise because of who pays for the phone bill, who pays for electricity, those kinds of things.

So we finally offered him an abandoned home and he took it, but you know, it is a real bad condition. So in addition to that, we would like to request that somebody from the Administration, the committees, come to the Pueblo, in New Mexico and visit it and see the kind of states that some of the homes are in.

Let me just mention that I am the chairman of a waste water committee that is studying the effects of contamination, of what contamination has had on the underground water, and we deal with all kinds of things, and this particular home where this gentleman is now living at, he has no septic tank facility, so he uses the water and it gets flushed out, that just goes out on the ground and there is seepage and those kinds of things.

I don't have anything prepared but I was quite moved by the presentation that Mr. Akaka made, mainly because I personally am a Vietnam veteran, and I won't go into any lengthy detail, but I suffered quite a bit when I came back to the world, and had a lot of trouble in readjusting back in the states. As a matter of fact, because of the mental condition that I was in, I wound up in the streets of Oakland and San Francisco for many years and I didn't think that I would ever come back home personally, but indeed I did make it back home, and I was lucky that I am in the position that I am in now.

However, I still suffer tremendously from some of the effects of during and after the crisis. So with that, I would just like to say that I strongly support what Mr. Akaka was doing. I think we need a lot of help for the Vietnam veterans.

I would just like to say that ever since I got out, up until this moment, I always want to say something to someone in authority, and as I was sitting back there listening to the statements that were being made I thought, well, I am going to take a chance and say some words.

Mr. GREEN. I am told if you could get it in within a week, we can include it in the written record.

[The statement of Mr. Viarrial follows:]

Pueblo of Pojoaque
ROUTE 11, BOX 71
SANTA FE, NEW MEXICO 87501
GOVERNOR'S OFFICE
(505) 455-2278 or 2279

TESTIMONY OF JACOB VIARRIAL, GOVERNOR, PUEBLO OF POJOAQUE

Before the Committee on Appropriations,
Subcommittee on VA, HUD, and Independent Agencies
United States House of Representatives

May 2, 1990

Mr. Chairman and Members of the Committee, my name is Jacob Viarrial and I am the Governor of the Pueblo of Pojoaque, located in northern New Mexico. I am appearing today to request your help in obtaining appropriations for Fiscal Year 1991 sufficient to build 3000 new units of Indian housing.

The Pueblo of Pojoaque is a small tribe consisting of about 180 tribal members who live on the 13,000 acres of the Pueblo. In addition to being the Governor of the Pueblo, I also am a Housing Commissioner for the Northern Pueblos Housing Authority. The Housing Authority is a multi-tribal Indian Housing Authority that is the main provider of housing for six of the northern New Mexico Pueblos, including Pojoaque. The Housing Authority administers 403 Indian housing units and has a proven track record in the areas of contracting for the construction of housing units, managing participant affairs, record-keeping, and collecting accounts receivable. Forty-nine of these housing units are located on the Pojoaque Pueblo.

Based on the number of families on its present waiting lists, the Northern Pueblos Housing Authority reports the following housing needs for each of the Pueblos it serves: Pojoaque - 10 units; Nambe - 28 units; San Ildefonso - 50 units; Tesuque - 12 units; Taos - 100 units; and Picuris - 15 units. These figures represent the bare minimum--that is the number of additional units necessary to house only the neediest tribal members--and do not take into account families that will need housing in the future.

As you know, Indian tribes are facing a critical shortage of housing. This housing crisis only continues to grow. In 1986, a survey of housing needs conducted by the Bureau of Indian Affairs showed that over 90,000 Indian families were without adequate housing. The Congressional Research Service recently completed a study which demonstrates that, for the past several years, overall federal Indian spending, including spending for housing, has fallen drastically behind other equivalent federal spending areas.

Unfortunately, conditions on the Pojoaque Pueblo are typical and are evidence of the direct correlation between inadequate funding and community deterioration. Our unemployment among tribal members is high, while health, education, and housing services to the Pueblo are low due to the lack of adequate federal funding in Indian programs. Much of the existing housing for tribal members at Pojoaque consists of very old, very dilapidated adobe houses. Many of these houses have leaking roofs, rotted floors, and crumbling walls. Some toilets no longer work and the electrical wiring is inadequate, outdated, and dangerous.

We understand that this year, like last year, the Administration has proposed zero funding for Indian Housing development. Congress funded 1800 new units for Fiscal Year 1990; however even last year's appropriations only minimally addresses the severe housing problems present in Indian country. As I speak, about 250 federally-recognized tribes are competing for those 1800 units. While the Pueblo takes its obligation to provide safe, sanitary, and decent housing to members of the Pueblo seriously, we simply must have adequate federal help to provide effective housing services.

Recently, one of the members of the Pueblo of Pojoaque found himself homeless following a divorce. Because there was no decent housing available on the reservation, he was forced to live with other members of the Pueblo--spending a few nights here and a few nights there. Eventually, the Pueblo permitted the tribal member to move into an abandoned house. Despite the shocking condition of this house, the man gladly accepted the offer because he wanted to live on the reservation. Significantly, this man has a good job and is well respected in the community. Nevertheless, he was homeless. Only in Indian country will one find homeless people like this. Without federal assistance and the Northern Pueblo Housing Authority, there is just no other way for our tribal members to obtain housing on the reservation. As you know, even if a tribal member could qualify for private financing, banks generally will not finance construction loans or mortgages for houses built on Indian trust lands.

On behalf of the Pueblo of Pojoaque, I am asking this Appropriations Committee to appropriate funds in an amount sufficient to build 3000 new units. Thank you for the opportunity to appear before the Committee. I would be happy to answer any questions that you may have concerning my testimony.

WEDNESDAY, MAY 2, 1990.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESS

B. KEVIN GOVER, ATTORNEY, REPRESENTING THE CAMPO BAND OF MISSION INDIANS

Mr. **GREEN**. Kevin Gover. We have your statement, Mr. Gover, and we will put it in the record and you may proceed.

Mr. **GOVER**. Thank you.

I am an attorney from Albuquerque, New Mexico. Chairman Goff sends his regrets. He is not able to make it this morning.

Along with a number of other Indian housing authorities and a number of tribes and members with which I work, Governor Viarrial and Governor Lucero, I have come here to paint a picture for you of some of the conditions in Indian country.

I have heard the statistic, over 90,000 Indian families living in substandard conditions. But I want to try to convey, if I can, what this looks like out there. You go to Southern California, and you drive through the beautiful valleys, with orange groves everywhere, and suddenly, you come across this little area that is full of shacks. This is where the Indians are living.

It is astonishing, it is startling. You are driving along and everything is beautiful, suddenly you come across tar paper and corrugated tin, and you know you are on an Indian reservation.

In Sioux in New Mexico, where these folks are from, the sorts of conditions in which we are trying to raise our children in are staggering and depressing. We are losing ground out there.

Over the past few years, I think when the budget cuts really started coming in the early eighties, Indian people felt we were willing to take our share of the cuts, and we realized that everyone had to go through that process. Unfortunately, we suffered disproportionately.

We have gone from 6,000 units in the late seventies to 1,000 in fiscal year 1989. One thousand doesn't even stop the bleeding. It doesn't even meet the new need that we experience each year.

Indian people are very young. We have any number of new families coming into the housing market every year. We don't really have alternatives. We can't get private financing because of the trust status of the land. Banks simply drew a red line around the reservations.

They are not interested in providing financing for those homes, even for those relatively few families who could afford private financing. We have no alternatives. The Bureau of Indian Affairs' Housing Improvement Program has been underfunded for years. It is not enough to build one decent-size housing project.

In Southern California, we need now 2,400 new units on those 15 or 16 reservations that are served by the All-Mission Indian Housing Authority. We really are bleeding out there, and that is why the IHAs have been much more active for the past couple of years trying to get someone's attention in Washington.

We feel that the budgets were cut over the years because we didn't make our needs known. I think that that time of sort of assuming this was something that we had to take are over, and the IHAs nationwide are going to be more and more active in the future.

Now, we are asking for 3,000 units. Frankly, because we believe that is a request that you can grant, the real need is for 6 to 10,000 units annually, for the indefinite future. But again, because we realize we can't have everything we want and that there are other tremendous needs in the country, we are going to ask for 3,000 and hope very much that you will be able to grant that request.

Mr. **Green**. Let me make two observations. One, as I mentioned earlier, one of the reasons we cut back was that we saw housing going up and then sitting empty when it was finished, because infrastructure wasn't there to connect it to, and I think that is probably still something of a problem.

The other question I have, even at the peak of government intervention in housing, which I take to be the 1968 housing legislation with its contemplation of 26 million units over 10 years, 600,000 a year of those be government financed, of that, of course, even a portion of the government-assisted ones were going to be private sector rather than public housing.

It is plain that Congress has never contemplated that all the housing in a community would be public housing. I am wondering if you all have looked at the question of how you develop some form of credit institution to permit homeownership, create your own credit unions or whatever, indigenous credit units to develop appropriate housing market.

Mr. **Gover**. We have, and we continue to look at it. It brings to mind the National Indian Housing Institute. It would be good to have that funded. The capital does not exist on the reservations to build the houses.

It must come from outside the community. Finding a way to attract that capital is just very problematic because of the trust status of the land. I do think we have made a lot of progress in addressing the infrastructure needs in getting BIA to get with the problem and build roads and get sewers hooked up.

The problem we are running into now, homelessness looks different here because we won't just have young people on the streets. They move into units that are already overcrowded. So, we have two and three families in these units. The sewer systems then are overworked and that is where another infrastructure problem comes.

But we are examining, I think Laguna are particular facile in finding new ways to bring resources onto their reservations. These tribes are doing better than most. There are some that just don't have a chance.

So, they have come because they have the resources to come to Washington.

Mr. **Green**. Well, I thank you very much for your comments.

[The statement of Mr. Gover follows:]

Campo Band of Mission Indians

Ralph Goff
Chairman

Barbara Cuero
Vice-Chairman

Jackie Lalafu
Secretary

Harry P. Cuero, Jr.
Treasurer

COMMITTEE:

Brian Connolly
Tonya Largo
Michael Connolly

Testimony of Ralph Goff, Chairman,
Campo Band of Mission Indians,
Campo, California,
Before the Committee on Appropriations,
Subcommittee on VA, HUD, and Independent Agencies
United States House of Representatives
May 2, 1990

MR. CHAIRMAN, members of the Committee, my name is Ralph Goff. I am the Chairman of the Campo Band of Mission Indians. Our reservation is located in southeast San Diego County near the Mexican border. About one-half to two-thirds of our three hundred Band members live on the reservation. Due to the lack of housing, however, many Band members who want to live on the reservation cannot. Our unemployment rate on the reservation is very high, perhaps 50%. Right now only about fifty-seven tribal members are employed. The lack of housing, the high unemployment rate among Band members, and the severely depressed state of our reservation economy makes our tribal housing needs critically dependent on HUD-assisted housing.

The Campo Band is served by the All Mission Indian Housing Authority ("AMIHA"), which is responsible for administering 535 Indian housing units for residents of the Campo Indian Reservation and fifteen other Indian reservations in southern California. AMIHA is the primary provider of housing on the Campo Reservation. While the Campo Band is grateful for the nine housing units that have been provided to Band members thus far, AMIHA is unable to provide sufficient assistance to the reservation. More housing and services are needed than can be provided by one multi-tribal Indian Housing Authority. We currently have at least twenty-seven families from our Band on the AMIHA waiting list. In several instances, two families are living in a house built only for one; several families must keep moving from one relative's house to another in an effort to keep a roof over their heads.

In addition to the problems raised by a housing shortage, the reservation also suffers from problems related to the poor quality of the existing housing. There is no question that some of the housing on the reservation clearly is substandard. Although I believe that all homes have electricity, some homes have no indoor plumbing or bathroom facilities. Many others are dilapidated and

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in utter disrepair.

Homelessness among the general American population recently has gained national attention; homelessness has a different face in Indian country. It means overcrowded housing because Indians simply will not let their extended family members be without shelter. It means dilapidated housing because unemployed people cannot afford to repair their homes. It means tribal members living in nearby cities because there simply are not houses on the Reservation. Substandard housing is a fact of life on the Campo Indian Reservation. You can well imagine how these substandard living conditions impact the stability of family life and jeopardize the health and well-being of our children. As our numbers grow and the existing housing on the reservation further ages, the problem only will get worse. I am therefore asking this Committee to help us address the problem now.

As you know the Administration recommended zero funding for Indian housing development this year. Just to keep the status quo in Indian country, a funding level sufficient for 3000 new housing units is necessary. I strongly urge this Committee's support of a sufficient appropriation to begin providing safe, sanitary, and decent housing to the members of the Campo Band and other Indian communities. I deeply appreciate your consideration of this request.

GOVER, STETSON, WILLIAMS & WEST, P.C.
ATTORNEYS AT LAW
2501 RIO GRANDE BOULEVARD, N.W.
ALBUQUERQUE, NEW MEXICO 87104-3223

B. KEVIN GOVER*
CATHERINE BAKER STETSON
SUSAN M. WILLIAMS*
W. RICHARD WEST, JR.**
JANA L. WALKER***
JANE MARX
CINDY L. TURCOTTE

TELEPHONE
(505) 842-6961
FAX
(505) 842-6028

WASHINGTON OFFICE
1133 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
PHONE (202) 775-2373

*ADMITTED IN NEW MEXICO AND THE DISTRICT OF COLUMBIA
**ADMITTED IN CALIFORNIA AND THE DISTRICT OF COLUMBIA
***ADMITTED IN NEW MEXICO, ARIZONA, AND THE DISTRICT OF COLUMBIA

May 7, 1990

The Honorable Bill Green
Committee on Appropriations
Subcommittee on VA, HUD, and
  Independent Agencies
United States House of Representatives
1110 Longworth House Office Building
Washington, D.C. 20515-3215

Dear Mr. Green:

I am writing to clarify my testimony at the Indian housing hearings conducted on May 2, 1990 by your Subcommittee. As you may recall, during my testimony you asked about the vacancy rate in Indian housing units located on reservations. The occupancy rate in units administered by Indian Housing Authorities is 94.9%. This rate is based upon statistics provided by the Department of Housing and Urban Development to the National American Indian Housing Council. The vacancy rate reflects minimal maintenance "down-time" during participant turn-overs. As you know, the shortage of decent, safe, and sanitary housing in Indian country now is at critical levels and the waiting lists of Indian families are long and growing longer. A lack of information, or misinformation about the vacancy rate in Indian housing units may be misleading to your Subcommittee.

I hope this figure will help the Subcommittee better evaluate the unmet needs now existing in Indian country. Again, thank you for the opportunity to testify before the Subcommittee on this important matter. If I can be of further assistance to you, please don't hesitate to have your staff contact me.

Sincerely,

GOVER, STETSON, WILLIAMS & WEST, P.C.

By Kevin Gover
B. Kevin Gover

BKG:asd

cc: Honorable Bob Traxler, Chairman
Honorable Louis Stokes
Honorable Lindy Boggs

WEDNESDAY, MAY 2, 1990.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESSES

TOM TAYLOR, EXECUTIVE DIRECTOR, ELDERLY HOUSING CORPORATION OF WESTLAND, MICHIGAN, ON BEHALF OF THE AMERICAN ASSOCIATION OF HOMES FOR THE AGING

KEN STEWART, AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Mr. GREEN. Tom Taylor, the American Association of Homes for the Aging. We have your statement, Mr. Taylor, and we will put it in full in the record.

Mr. TAYLOR. Thank you, sir. I am accompanied by Ken Stewart, from the American Association of Homes for the Aging.

My name is Tom Taylor and I am the Executive Director of the Elderly Housing Corporation of Westland, Michigan. We are a not-for-profit, and operate a 266-unit, section 202 elderly facility for independent living.

We are members of the Michigan Nonprofit Homes Association and the American Association of Homes for the Aging, AAHA. It is on their behalf that I am here today. We have submitted written testimony and I will be just hitting some highlights.

From 1960 through 1982, I was in local government, for the last nine of those years as an elected official, with the final six years as Mayor of Westland, Michigan. During those years, I spent a lot of my time reducing or eliminating services and terminating public employees because various Federal programs were being cut or shut down completely.

I just missed the Model Cities Program shutdown, but the PEP program and then CETA and then revenue-sharing cuts made a lasting impression.

There is a natural life to everything, and there are reasons why programs should end. The original premise may have been flawed. The demographics may have changed and there may no longer be a constituency for the program. Or the program may be so mismanaged as to be deemed unredeemable.

But the 202 program? It was designed to enable nonprofit sponsors to create housing for low-income elderly. Nonprofits don't pull capital away from the project so there can be more services and lower rents. The premise is perfect.

Are there fewer low-income elderly now then there were when this program was funded at 20,000 per year? Are there vacancy problems which would indicate that there is no need for more units?

According to a report presented last year by the House Select Committee on Aging, "The demand for section 202 housing is exceptionally high. Only 1.4 percent of elderly units are vacant." Waiting lists are very long. The average facility has eight applicants waiting for every unit that becomes available annually. Projects located in cities with populations of over 1 million have 11 applicants for each vacancy.

According to the Saginaw-Bay City Area Public Housing Authority, which has some 200 units, there are well over 100 people on the waiting lists in both areas.

Lutheran Social Services of Michigan has 452 units, which are mostly on the west side of Michigan. They have a three-year waiting list.

Jewish Federation Apartments of Oak Park and West Bloomfield have 523 units and a 2.5-year waiting list.

My facility has not accepted any new applicants in the past five years, and the list still is probably two years long. Demographics have not lessened the need for 202 housing. The need is greater now then it was 10 years ago.

Mismanaged, scandalous operation? Not the 202 program. This is one that runs like it was supposed to. And if it is compared to other HUD programs, well, it is not fair. It is not being gutted because of mismanagement.

So, why then are there only 5,600 units for the elderly proposed for fiscal year 1990? That is 13 units per Congressional District. AAHA says that there are 70,000 seniors, on average, in each Congressional District. Thirteen units is not going to do much for them. If there were 100 units allocated per district, we would need to appropriate funding for 43,500 units. AAHA and MNPHA are urging you to restore the level of funding of a decade ago, 20,000 units per year.

What about the bottom line? We know that not all cuts save money. Some have the opposite effect. Many low-income, frail seniors end up in a nursing home because of lack of housing with supportive services.

The Congregate Housing Service Program was created as a means of demonstrating a cost-effect model for linking supportive service with Federally-assisted housing. The program provides at least one meal a day and other services to frail elderly to prevent premature or unnecessary institutionalization.

There are now 2,000 older persons in 60 projects, half 202 projects and half public housing. The cost-effectiveness has been documented in several recent studies. The University of Illinois conservatively estimates savings of between $4,233 and $5,588 per person, per year, for this program, compared to costs that would have been incurred given the costs of institutionalization of the population served.

Seniors coming into our facilities are older now. They get real old on the waiting lists. The average is a 78-year-old single female, in my facility. She has been on the waiting list at least five years. Her income is under $560 per month and her subsidized rent is $168. If she rented on the open market, she would pay $450 and have $110 a month left to live on. She probably will not be eating very well.

On behalf of her and hundreds of thousands of other people, we urge you to restore the 20,000 unit level funded a decade ago.

Mr. GREEN. Thank you very much.

[The statement of Mr. Taylor follows:]

A A H A

Statement by

Mr. Thomas Taylor

on behalf of the

American Association of Homes for the Aging

before the

Subcommittee on V.A., HUD, and Independent Agencies
House Appropriations Committee
U.S. House of Representatives

May 2, 1990

OFFSET
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1129 20th Street NW, Suite 400, Washington, DC 20036-3489 • 202 296-5960 • FAX 202 223-5920
Midwest Office • 911 N. Elm Street, Suite 228, Hinsdale, IL 60521 • 312 323-6755 • FAX 312 325-0749
Western Office • 5010 Aspen Drive, Littleton, CO 80123 • 303 795-5465 • FAX 303 794-0487
Northeast Office • 2801 Jefferson Court, Ambler, PA 19002 • 215 628-2232 • FAX 215 628-2515
Donald L. Gilmore, *Chairman* • Sheldon L. Goldberg, *President*

STATEMENT OF
The American Association of Homes for the Aging (AAHA)
on the
HUD FY91 Appropriations

My name is Tom Taylor. I am the administrator of a federally subsidized elderly housing facility in Westland, Michigan, a community of over 100,000 near Detroit. I am pleased to be here to day to represent the views of the American Association of Homes for the Aging (AAHA)* and the Michigan Nonprofit Homes Association (MNPHA)** on the HUD FY91 Appropriations.

The mission of our member homes is to provide quality housing and long term care environments for the elderly, through active public-private partnerships. We have a history of sound and efficient management of federal housing programs.

We appreciate this opportunity to testify before this subcommittee. We would also like to express our appreciation to you, Chairman Traxler, the committee and staff for your actions last year to address the HUD Section 202 pipeline. As you may know, Secretary Kemp has initiated a number of actions this year which have been helpful to unclog the pipeline.

As the former Mayor of Westland and a County Commissioner of Wayne County, I understand the difficult task that the committee has in making budgetary decisions in a time of competing needs for scarce federal dollars. It's the heart and essence of government policies. You need to assess "bottom line" questions and make equitable budget decisions that affect the lives of people. For AAHA and MNPHA members, our bottom-line is the quality of life for the half million older residents in our facilities, as well as the thousands others on our waiting lists.

Because of concerns for suitable and affordable housing for the elderly, I became an administrator of a senior housing facility after I retired from city hall. And for the past five years, I have observed on a daily basis, the benefits of senior housing for our older residents, their families and our community. During this time, I have also become aware of the changing needs of our tenants as they age (in my facility, the average age has increased from 65 a few years ago to 78 now).

I am firmly convinced that a partnership between the federal government and nonprofit sponsors in the area of senior housing, particularly Section 202, is one of our country's success stories, and it is also one of the federal government's most cost efficient and effective housing programs. Yet, instead of building on the success of Section 202 program, and adjusting the program to accommodate aging residents the program has been gutted. Federal funds for senior housing have been significantly reduced over the past years with no regard for maintenance of buildings and the changing needs of the older residents.

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* The American Association of Homes for the Aging is a national association representing over 3,400 nonprofit providers of housing, long term health care, and community services. AAHA member facilities are organized within 38 affiliated State Associations. Seventy-five percent of AAHA facilities are affiliated with religious organizations, while the remaining are sponsored by community groups, fraternal organizations, labor unions, government agencies, and private foundations.

** The Michigan Nonprofit Homes Association, Inc., located in Lansing, represents the owners, managers and residents of approximately 8,500 housing units for the elderly (75 percent with a rent subsidy) throughout the state of Michigan.

This funding cut has translated into long waiting lists, short sighted, so-called "cost containment" policies which make a facility financially unstable, delays in the development pipeline, and the unfortunate squeezing out of nearly a million low-income older persons who are no longer eligible for federal assistance due to tight targeting requirements.

Last year, there was much talk about the HUD scandals, i.e., the abuse, fraud and waste in some federal housing programs. Our nonprofit members have not scandalized the Section 202 program. In fact, the real scandal with elderly housing is the insensitive national policies and actions that have occurred over the past few years to cut funds, restrict management, and ignore extensive national needs.

It is difficult for me to understand why it is that ten years ago our federal government was funding nearly four times more Section 202 housing units than it is today. In fact, the need has increased substantially and will continue to do so for several decades. I would like to include with my statement a demographic fact sheet on the housing needs of the elderly.

In the brief time that I have this morning, I would like to strongly recommend that this committee consider the need to restore much needed funding for senior housing. While some might advocate that we should seek a "reasonable" level of funding for the Section 202 program, the question that we need to consider here is just what a reasonable level might be. Surely not the current level! A few weeks ago, the FY90 funding for Section 202 elderly housing was announced with only 5,600 units for the elderly (2,274 for the handicapped). That is less than 13 units per congressional district. Is that a reasonable level?

Is it any wonder that there are nationwide, over 270,000 older persons on waiting lists for Section 202s. An AARP funded study released last year by the House Aging Committee indicated that there are eleven older persons are on waiting list for each annually vacated Section 202 unit. In my own facility, we had to cut off the waiting list five years ago. Where will these people find suitable and affordable housing?

I would imagine that if we were to ask each Congressman if there is currently a need for a Section 202 project in their district (which have on average 70,000 senior citizens), there would be almost universal agreement on the need. If you were to fund construction for just one (100 unit) Section 202 project in each district, we would need to appropriate funding for over 43,500 units. Is that a "reasonable" level? AAHA and MNPHA are recommending less than one-half that figure. We are urging you to restore the level of funding for the Section 202 program to that of a decade ago, 20,000 units.

Would the voters support a policy to restore federal funding? Last month, AAHA conducted a national poll of the general population on elderly housing issues. The survey revealed that 89 percent of respondents believe that there is a critical need for elderly housing; and that 73 percent believe that the federal government has a role in funding elderly housing development.

RECOMMENDATIONS

The American Association of Homes for the Aging is primarily concerned with funding levels for HUD programs which empower nonprofit organizations in the provision of suitable and affordable housing for the nation's low and moderate income elderly. In addition, AAHA is concerned with the potential loss of the federally subsidized low-income housing stock due to prepayment of HUD-held mortgages, expiration of project-based Section 8 contracts, and the need to provide HUD funds for manpower, technical assistance and training.

This morning I would like to focus on these major issues:

- o Restore funding for Section 202;
- o Increase funding for CHSP;
- o Provide adequate funds for modernization and retrofitting of older buildings;
- o Pending housing reform legislation, including HOPE
- o Housing Management

Section 202 - As you know, the Section 202 program provides loans to nonprofit sponsors (primarily religious and community organizations), to develop affordable housing opportunities for very-low income persons. In recent years, the program has been cut from 20,000 units funded annually in the late 1970s to just 5,600 elderly housing units last year. For FY91, the Administration proposes to split funding for the Section 202 program between new construction and the leasing of existing housing. For new construction, the FY91 budget requests $282.5 million to support 3,097 units of elderly housing and 870 units of handicapped housing. This represents a cut of over 40 percent from the current level. The Administration also requests 3,000 units for a proposed Section 202 5-year leased housing program, including 1,300 units for the nonelderly handicapped.

AAHA believes that Section 202 funding should be restored to pre-80s annual level of 20,000 units for new construction of elderly housing. In light of the substantial funding cuts over the last ten years and the growing need, AAHA firmly believes that further cuts are intolerable and counterproductive to our nation's needs for suitable and affordable elderly housing.

AAHA supports increased funding for separate Section 202 housing for the nonelderly handicapped. Because of distinct housing and supportive services needs, AAHA believes that there needs to be specific supportive housing for handicapped persons, including sponsor options for construction, acquisition, or leasing. We also recommend that language be included with the bill to clarify the need to preserve age-distinct (aged 62 and older) senior housing.

AAHA supports the Administration's efforts to accelerate the development of Section 202 projects stalled in the pipeline. As you know, the FY90 HUD Appropriation provided $180 million for pipeline amendments. This year, the Administration is seeking to shift an additional $55 million of FY90

Section 202 funding and $100 million of FY 90 Section 8 funding to amend contracts for projects in the pipeline. If Congress approves, this would result in a loss of 679 units from the FY90 funding level (8,500 units). For FY91, the Administration proposes an additional $75 million for pipeline amendments. AAHA supported the action last year to ensure adequate funding of the Section 8 amendments for this purpose. However, we believe that any additional funds needed for contract amendments should be provided through direct appropriations, and not through transfers from current year funding for critically needed new construction of elderly housing.

Congregate Housing Services Program - CHSP was enacted as a means of demonstrating a cost effective model for linking supportive services with federal assisted housing. The program provides at least one meal a day and other supportive services for eligible residents to prevent premature or unnecessary institutionalization of frail elderly and handicapped persons. Currently, the program benefits 2,000 older persons in 60 projects; half Section 202 projects, and half public housing. The cost effectiveness of the CHSP program in addressing the supportive housing needs of the elderly has been documented in several recent studies. The University of Illinois conservatively estimates savings of between $4,233 to $5,588 per person per year for CHSP, compared to costs that would have been incurred given the expected rate of institutionalization for the population served.

Recent studies have estimated that need for support services at approximately 25 percent of the residents of federally assisted housing. Last year, an Urban Institute study indicated that there are over 365,000 older persons with some level of frailty requiring supportive services. AAHA conducted a survey of our housing members who overwhelmingly indicated that "aging in place" of residents is their number one concern. Yet the Administration is seeking no new funding for CHSP, currently funded at $5.4 million. Therefore, without congressional action, funding for CHSP existing projects would run out by the end of 1991. AAHA and MNPHA support appropriations for CHSP at $25 million in order to expand the number of projects able to participate in the program.

Modernization/Retrofitting/Flexible Subsidy - AAHA supports direct appropriations for a modernization program that targets nonprofit sponsored elderly housing, including Section 202 and nonprofit sponsored Section 236 elderly housing, at a minimum level of $75 million annually. While the Flexible Subsidy/Capital Improvement Loan Program provides for both operating and maintenance assistance, funding availability has been inconsistent and insufficient. AAHA would also request legislative changes to allow nonprofit sponsored Section 236 projects to transfer their excess rents (rents paid in excess of "base rent") into their Reserve for Replacement Account, to fund needed modernization.

Housing Reform and HOPE - At the present time, there are several bills pending congressional action to reform federal housing policies, including the Section 202 program. In fact, the House and Senate Housing Committees are both marking-up today key legislation, particularly HR1180 and S.566 which include changes in the Section 202 program.

The major Administration initiative in the FY91 budget is the Homeownership and Opportunity for People Everywhere (HOPE), including a demonstration program to fund support service vouchers ($10 million) which would be linked with 5-year rent vouchers ($34 million) to benefit 1,500 frail elderly persons. Under this proposal HUD grants would cover 40 percent of the cost of support services, State or local sources would pay 50 percent of the costs and older participants would pay 10 percent co-payment.

The focus of this voucher program is to use existing facilities. While this proposed demonstration program may be a worthwhile option for some elderly, we believe that it may be more effective for non-elderly handicapped persons seeking to mainstream into society (small and scattered site facilities). It does not address the supply or "aging in place" need of existing residents in federally assisted housing.

We strongly recommend that this HOPE demonstration program, if funded, should be developed as a compliment, not a substitute, for the CHSP and other supportive housing options. We would urge that the committee promote sufficient funding for FY91 to accommodate proposed changes as authorized by the reform legislation. We believe that these new programs should be funded through additional HUD budget and not by shifting funds from much needed existing housing programs.

Management - Finally, we would recommend that increased funding be provided to HUD for increased manpower, training, technical assistance and other related activities to improve the efficiency and management of federally assisted elderly housing. These resources are particularly critical for developing effective supportive housing programs in federal assisted elderly housing.

AAHA supports a relaxation of present targeting restrictions for the Section 202 program to allow affordable housing for low and moderate income older persons (to restore the former eligibility of 80% of area median income).

In closing, AAHA feels strongly that current demographic trends necessitate the restoration of funding for the Section 202 program, and the establishment of supportive elderly housing to respond to aging in place need of older residents in federal assisted housing. The need to create alternatives to institutional care for supportive housing for the elderly not only enable older persons to remain in their own home, but economically will be necessary in order to mitigate huge pressures on Medicaid spending that will result from dramatic increases in the population most at risk of institutional care.

AAHA and our national membership of nonprofit sponsors of elderly housing, stands ready to work with you and the committee to bring about adequate federal funding and needed reforms of elderly housing programs. Thank you for this opportunity to share our views.

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A A H A

THE ELDERLY: NEED FOR SUITABLE AND AFFORDABLE HOUSING

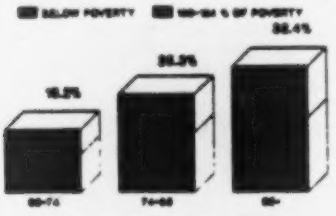
POPULATION PROJECTIONS - The elderly population will increase dramatically over the next several decades, (both in real terms, and as a percentage of total U.S. population). The fastest growing segments of the elderly population are the "75 and over" age groups, which include elderly who tend to have lower incomes and increased rates of "frailty". (Source: Aging America: Trends and Projections. 1987-88 Edition. U.S. Senate Special Committee on Aging. Based on U.S. Census Data.)

	1990 Projection:		2010 Projection:		2030 Projection:	
o Aged 65-74	18,035,000	(7.2%)	20,318,000	(7.2%)	34,535,000	(11.3%)
o Aged 75-84	10,349,000	(4.1%)	12,326,000	(4.4%)	21,434,000	(7.0%)
o Aged 85+	3,313,000	(1.3%)	6,551,000	(2.3%)	8,612,000	(2.8%)
o TOTAL 65+	31,697,000	(12.7%)	39,195,000	(13.8%)	64,581,000	(21.2%)

ELDERLY RENTERS - There are over 5 million elderly renter households, concentrated primarily in the very-low-income and low-income categories. In 1985, about 1.5 million (29%) of these households were receiving rent subsidies from Federal, State or local governemnt programs. Of those not receiving rental assistance, more than 3 out of 4 were paying over 30% of their income for rent. According to a study by the Center on Budget and Policy Priorities and the Low Income Housing Information Service, 43% of the "poor" elderly are paying over 50% of their income for housing. (Source: Current Housing Problems and Possible Federal Responses. CBO, December, 1988. Based on 1985 American Housing Survey, U.S. Census Bureau.)

	# of households	# paying over 30% of income for rent	percent paying over 30% of income for rent
Elderly Renter Households:			
Very-Low-Income	3,250,000	2,290,000	73%
Low-Income	900,000	460,000	51%
Moderate Income and Above	940,000	160,000	17%
Total Elderly Renter hhs	5,090,000	2,910,000	58%

PERSONS BELOW AND NEAR POVERTY LEVEL BY THREE OLDER AGE GROUPS, 1987



Source: Current Population Survey, [illegible] Data prepared by the Congressional Research Service

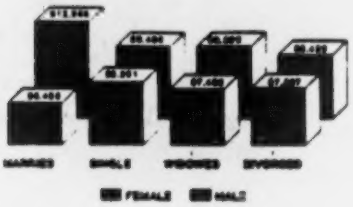
INCOME DISTRIBUTION

Of the more than five million elderly renter households, approximately 65% are elderly living alone. Virtually all of these one-person elderly renter households are concentrated in the very-low-income and low-income categories. 30% of the median monthly income of these households gives an indication of the rent levels such households can afford if left to rent in the marketplace without federal assistance. (Source: Aging America: Trends and Projections. 1987-88 Edition. U.S. Senate Special Committee on Aging.)

Elderly Living Alone	Median Income	30% of Median Monthly Income
o Aged 65-74	$8,160	$204
o Aged 75-84	$7,186	$180
o Aged 85+	$6,400	$160
o TOTAL AGED 65+	$7,476	$187

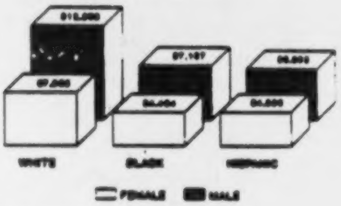
Elderly With Incomes Below Poverty Line: Select Groups	
o Women	15.2%
o Widowed Women Aged 65+	21.0%
o Hispanics Aged 65+	22.5%
o Blacks Aged 65+	31.0%
o Black Women Living Alone	63.7%
o Aged 85+	17.6%
o Inner City Areas 65+	21.6%
o TOTAL AGED 65+	12.4% (n = 3,477,000)

MEDIAN INCOME OF ELDERLY MALES AND FEMALES BY MARITAL STATUS: 1987



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research

MEDIAN INCOME OF ELDERLY MALES AND FEMALES BY RACE AND HISPANIC ORIGIN: 1987



Source: Current Population Survey, March, 1988. Data prepared by the Congressional Research Service

Need for Supportive Services Among Elderly Living in Federal Assisted-Housing

A study by the American Association of Retired Persons (AARP) estimates that approximately 25% of the elderly in federally assisted Housing are in need of supportive services, in order to remain in independent living settings.
It is estimated that approximately 25% of the 1.5 million elderly nursing home residents could live independently in the community if they had access to basic, non-medical supportive services.

For additional information, please contact Larry McNickle or Kenneth Stewart at the American Association of Homes for the Aging, (202) 828-9428.

WEDNESDAY, MAY 2, 1990.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESS

GEORGE ZIMMERMAN, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. GREEN. Mr. George Zimmerman. We have your statement, and we will include it in full in the record. You may proceed.

Mr. ZIMMERMAN. Good morning, Mr. Chairman.

I am George Zimmerman, a member of the Michigan State Legislative Committee of the American Association of Retired Persons. AARP appreciates this opportunity to testify on HUD's fiscal year 1991 budget request. I will summarize our statement and ask that the full text be included in the record.

AARP believes the fiscal year 1991 HUD appropriation bill should bring an end to the steady erosion of our Federal housing commitment and initiate prudent investments to help meet our Nation's current and future housing needs. I would like to discuss some of AARP's recommendations for the subcommittee's consideration.

Before doing so, however, I would like to thank you, Mr. Chairman, and the rest of the subcommittee for actions taken last year to prod HUD into clearing the pipeline of projects funded under section 202. We urge the subcommittee's continued vigilance in making sure that all viable projects go to closing in the near future.

AARP has serious misgivings about the Administration's proposal to restructure the section 202 program by redirecting a substantial portion of the funding to leased housing. The short-term commitment to housing under the lease approach is not consistent with the long-term commitment required to meet the projected need.

Ultimately, the Association would like to see section 202 funded at a level sufficient to produce 20,000 units per year as it did in the late 1970s.

Recognizing, however, that the subcommittee faces tight spending limits for fiscal year 1991, we ask that you restore some of the cuts sustained by the program over the past several years.

For the Congregate Housing Service Program, the Association recommends an appropriation of $10 million for next year. A report issued by the House Select Committee on Aging found the program to be very effective in preventing unnecessary institutionalization among older and disabled residents of public and section 202 housing.

Despite this success, the Administration has proposed no funds in fiscal year 1991. AARP opposed such a short-sighted approach that ignores the challenge faced by housing managers in providing for the needs of older tenants who are "aging in place."

AARP is very concerned about the potential impact of impending mortgage pre-payments on older tenants. We applaud the Administration's emphasis on preserving these units as low-income housing in its housing proposal to the authorizing committee.

AARP supports subsidies to allow tenant or nonprofit buyouts of pre-payment-eligible properties. Project-based section 8 and flexible subsidies could also be effective in preventing the loss of pre-payment-eligible projects, especially where tenants are not willing or able to buy their units.

The 1987 Housing Act authorized a reverse mortgage insurance demonstration for older homeowners who want to convert the equity in their homes into cash that can be used to meet basic needs of health care, home maintenance, and income.

The Act requires that all older consumers receive counseling about home equity conversion and other options to address their needs. To expand home equity conversion opportunities will require additional funds for the counseling program. AARP recommends that $5 million be appropriated for housing counseling for fiscal year 1991.

Meeting the Nation's future housing needs will require far-sighted leadership that looks beyond the narrow "bricks and mortar" issues of construction and finance to address the service needs of the special populations who currently predominate in Federally-assisted housing.

The proposals we have made today are only a small step in the redirection of our national housing policy, so desperately needed if we are to address tomorrow's housing problems.

Thank you again for the opportunity to testify before you today.

Mr. GREEN. Thank you very much, Mr. Zimmerman.

[The statement of Mr. Zimmerman follows:]

AARP

STATEMENT

OF THE

AMERICAN ASSOCIATION OF RETIRED PERSONS

ON

APPROPRIATIONS FOR THE
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BEFORE THE

SUBCOMMITTEE ON VETERANS AFFAIRS, HUD, AND
INDEPENDENT AGENCIES

BOB TRAXLER
CHAIRMAN

Presented by

GEORGE ZIMMERMAN

MICHIGAN STATE LEGISLATIVE COMMITTEE

May 2, 1990

For further information, contact:

Marion Mayer or Don Redfoot
Federal Affairs Department
(202) 728-4275

American Association of Retired Persons 1909 K Street, N.W., Washington, D.C. 20049 (202) 872-4700

Louise D. Crooks *President* Horace B. Deets *Executive Director*

Mr. Chairman and members of the Subcommittee:

I am George Zimmerman, member of the Michigan State Legislative Committee of the American Association of Retired Persons. AARP appreciates this opportunity to testify on appropriations for programs under this Subcommittee's jurisdiction. Our recommendations for specific programs can be summarized as follows:

1. Reject the Administration's proposed restructuring of Section 202 as a leased housing program and provide sufficient loan authority and Section 8 rent subsidies to reverse the steady decline in Section 202 production levels under the program;

2. Provide the authorized $10 million for the Congregate Housing Services Program (CHSP), which would extend services at the 60 current project sites through FY 1991 and add the first new sites since 1983;

3. Increase operating subsidies and modernization funds for public housing authorities to maintain adequate services for all tenants;

4. Preserve prepayment-eligible, low-income housing by funding Section 8 project-based subsidies, maintaining flexible subsidies, and providing assistance to nonprofits and tenant associations to purchase these projects;

5. Increase funding for the Section 106 technical assistance program to support the expanded missions for nonprofits in the production and preservation of low-income housing;

6. Increase funding for the housing counseling program to meet additional responsibilities for counseling home equity conversion consumers; and

7. Adopt report language with regard to the Environmental Protection Agency (EPA), calling for greater use of Senior Environmental Employment (SEE) enrollees in EPA activities.

While progress has been made in improving the housing conditions of older persons, serious problems remain for older homeowners and renters. Problems of affordability and suitability are most acute for those over 75 years of age, most of whom are women living alone. This group will account for the bulk of the growth of the older population over the next two decades. Female renters over 65 living alone pay, on average, 37% of their incomes for rent -- a percentage that increases with advancing age. Older minorities continue to bear a heavier burden than their white counterparts. For example, older black women living alone pay, on average, more than 50% of their incomes on rent.

Homeownership, a key to financial security in all groups, is especially crucial in old age. While most older people own their homes free of debt, large numbers of older homeowners have low incomes. The National Housing Task Force found that nearly one-half of all low-income homeowners are older people, many of whom occupy substandard housing. Over half (54%) of all older black homeowners have incomes below 125% of the poverty line as do 44% of older Hispanic homeowners. These figures compare to 28% of older white homeowners.

AARP believes the FY 1991 HUD Appropriation Bill should bring to an end the steady erosion of our federal housing commitment and initiate prudent investments to help meet our nation's current and future housing needs. I would like to discuss AARP's recommendations for the Subcommittee's consideration.

1.) Reject the Administration's proposed restructuring of the Section 202 program and provide funding at levels sufficient to reverse decreases in production levels incurred over the past several years.

First, I would like to thank you, Mr. Chairman, and the rest of the Subcommittee for actions you took last year to prod HUD into clearing the pipeline of projects funded under Section 202. We also commend HUD Secretary Jack Kemp's response in committing the Department to taking actions necessary to clear 60% of the pipeline this year. We urge the Subcommittee's continued vigilance in making sure that all viable projects go to closing in the near future.

The Administration has proposed restructuring the Section 202 program by redirecting a substantial portion of the funding to leased housing. AARP has actively sought substantial reforms to the program, but we have serious misgivings about the reforms proposed by the Administration. The short-term commitment to housing under the lease aproach is not consistent with the long-term commitment required to meet the projected need. We strongly urge this Subcommittee to await the enactment of reforms being discussed in both Houses of Congress before considering reductions in the budget authority available to the Section 202 program.

There is a growing need for the specially designed units for older and handicapped persons produced under Section 202. These units, equipped with such features as non-slip floors, accessible doorways, and lowered countertops, are simply unavailable or unaffordable to low-income persons in the private market. Production levels under this highly successful program have already dropped well below the 20,000 unit annual target set by the 1981 White House Conference on Aging. The Administration's proposal for 7,000 units of Section 202 housing is obviously inadequate.

Ultimately, the Association would like to see Section 202 funded at a level sufficient to produce 20,000 units per year as it did in the late 1970's. Recognizing, however, that the Subcommittee faces tight spending limits for FY 1991, we ask that you fund the Section 202 program at a level sufficient to increase production commitments above the 8,500 units (pre-sequester) funded last year. Over the past several years, Section 202 has sustained some of the most serious cuts of all housing programs. A modest increase in the program would send a signal of the Subcommittee's continuing commitment to Section 202.

2.) Appropriate the $10 million authorized for the Congregate Housing Services Program (CHSP).

The CHSP has proven very effective in preventing unnecessary institutionalization among older and disabled residents of public and Section 202 housing. A 1986 HUD-commissioned evaluation by the Hebrew Rehabilitation Center of Boston notes that the expected institutionalization rate for older residents was cut nearly in half at sites having CHSP services. Equally impressive were the de-institutionalizing effects of CHSP services. At sites for older tenants, administrators were six times more likely to admit residents from nursing homes when they had CHSP services to offer.

Despite these successes, the Administration has proposed termination of the CHSP, a short-sighted approach that ignores the challenge faced by housing managers in providing for the needs of older tenants who are "aging in place." Currently, more than 40 percent of all federally assisted housing units are occupied by older households. Costly institutional care is too frequently the only alternative to their current residences for older residents experiencing illness or disability.

3.) Provide sufficient operating subsidies and modernization funds for public housing.

The social problems associated with public housing have been much publicized in recent months. These problems are of particular concern to older residents who occupy roughly 600,000 units -- some 40 percent of all households living in public housing. Underfunding of operating subsidies jeopardizes the ability of public housing authorities to maintain housing units and provide services, like security, which are especially important to older residents.

AARP is pleased that the Administration budget proposals would slightly increase operating subsidies. We are also pleased that much needed drug prevention programs would receive a separate appropriation instead of tapping operating subsidies. We urge further increases in order to adequately address the management problems encountered by public housing facilities in our major cities.

The Administration's proposal for funding of public housing modernization is a significant improvement over proposals in recent years. The current stock of public housing is a valuable public resource and strong efforts should be made to arrest deterioration and provide a safer environment for tenants. An important consideration in any long-term modernization program should be modifications that assist older residents who are aging in place. Currently, half the older residents of public housing live in "family" developments where such features as grab bars, extra wide doorways and lowered countertops are not available. If the Subcommittee decides to increase the modernization program above current levels, AARP hopes that a portion of the funds will be devoted to such improvements. We would recommend that language to that effect be included in the Manager's report accompanying the appropriations bill.

4.) Provide incentives for buyouts by tenant or nonprofit organizations of prepayment-eligible projects. Alternatively, increase the availability of Section 8 project-based subsidies for prepayment-eligible projects.

AARP is very concerned about the potential impact of mortgage prepayments on older tenants. We estimate that prepayment-eligible projects represent 7 - 10 percent of all federally assisted housing. We applaud the Administration's emphasis on preserving these units as low-income housing in the HOPE proposal. The HOPE initiative recognizes that additional subsidies are critical to preventing prepayments from occurring. Specifically, AARP supports subsidies to allow tenant or nonprofit buyouts of prepayment-eligible properties.

Project-based Section 8 and flexible subsidies could also be effective in preventing the loss of prepayment-eligible projects, especially where tenants are not willing or able to buy their units. A report of the National Housing Preservation Task Force indicates that project-based subsidies in combination with other incentives could keep total prepayments below 50,000 units. Accordingly, we oppose the Administration request to transfer excess rental receipts from the flexible subsidy program into the assisted housing account.

5.) Increase funding for the Section 106 technical assistance program and activate the Section 106(a) grant program.

The recent trend in housing policy is to increasingly shift responsibility for housing activities from for-profit to nonprofit sponsors. This trend can be observed in new development as in Section 202 or syndicated tax credits, preservation as in Administration proposals to give a first purchase option to nonprofits, and buyouts of defaulted properties held by the Resolution Trust Corporation. All of these activites call for a great deal of financial sophistication in areas in which nonprofits may have limited expertise.

Currently, Section 106 is the only program that provides technical assistance to nonprofit sponsors. AARP recommends that the program be significantly expanded both in its mission, which is currently limited to Section 202 sponsors, and in its funding level. The Section 106(a) grant program should be activated to encourage the capacity building that will be needed to do the jobs being asked of nonprofit sponsors.

6.) Provide additional funding for housing counseling.

The 1987 Housing Act authorized a reverse mortgage insurance demonstration for older homeowners who want to convert the equity in their homes into cash that can be used to meet basic needs of health care, home maintenance, and income. The Act requires that all older consumers receive counseling about home equity conversion and other options to address their needs. To expand home equity conversion opportunities will require additional funds for the counseling program. AARP recommends that $5 million dollars be appropriated for housing counseling for FY 91.

7.) Senior Environmental Employment (SEE) Program.

The Association urges that the Subcommittee include report language calling upon the EPA to expand use of Senior Environmental Employment (SEE) enrollees in agency activities, such as asbestos inspection and monitoring the quality of water. Additionally, EPA-funded state programs should be encouraged to use SEE participants to provide technical assistance in emerging environmental concerns, including inspecting underground tanks for leaks and monitoring the quality of indoor air.

CONCLUSION

Meeting the nation's future housing needs will require far-sighted leadership that looks beyond the narrow "bricks and mortar" issues of construction and finance to address the services needs of the special populations who currently predominate in federally assisted housing. The proposals we have made today are only a small step in the redirection of our national housing policy, so desperately needed if we are to address tomorrow's housing problems.

Thank you again for the opportunity to testify before you today.

Wednesday, May 2, 1990.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESSES

JOHN EVERETT, EXECUTIVE DIRECTOR, ASSOCIATION FOR RETARDED CITIZENS OF HOWARD COUNTY, MARYLAND, REPRESENTING THE ASSOCIATION FOR RETARDED CITIZENS OF THE UNITED STATES

KATHY McGINLEY, ARC GOVERNMENTAL AFFAIRS OFFICE

Mr. **Green**. Next is Mr. John Everett. We have your full statement, which will be placed in the record.

Mr. **Everett**. Good morning.

I am John Everett, Executive Director of the Howard County Association located just up Interstate 95 in Howard County, Maryland. We presently operate 23 community-based units for 73 individuals with mental retardation and at the present time, we are involved in a section 202 project which is better known as the Scattered Site Program.

It would provide 28 units in seven different locations. Part of this will be ultimately operated by ARC and the other by the Mental Health Association. I am really here to testify on behalf of ARC-US, and what I will do is just highlight some of the things, if that is okay.

I think our concern, especially with the development of the disabled is that we encourage independence and productivity, and that is one of the reasons behind the scattered site where those facilities can be well-integrated physically into the community, and the people there will also be integrated into the community.

We certainly like to encourage HUD's proposals to reflect those values, to achieve those goals.

The waiting list, as you heard people testify this morning, indicates there is a lot of pent-up need for housing. It becomes a cornerstone for other things that people are trying to do with their lives.

For the record, I think we ought to state that for the section 202 that we recommend a loan authority for these programs be maintained at least to the level that was included in the Housing and Community Development Act of 1987. That was at $650 million.

While we recognize the need for additional housing for persons who are homeless, we recommend, however, that any new programs such as the Shelter Plus Care program, not come out of these funds, that the 202 project be maintained at that level.

For the Congregate Housing Service Program, we recommend an appropriation level of $10 million. For the Supportive Housing Demonstration Program, the ARC recommends an appropriation level of $143 million, with $30 million in these funds specifically earmarked for the permanent housing program for the handicapped homeless.

Mainly again, that program funds primarily transitioning programs. The concern is that there are no program alternatives to that.

For the Community Development Block Grant, we recommend the continuation of current levels of appropriation, and that is at

$3 billion in fiscal year 1991. And the ARC recommends an increased appropriation of $20 million for the Fair Housing Initiatives Program.

The Administration has requested $12.2 million for all of HUD's fair housing enforcement. This is a reduction from last year, and with the amendments to the Fair Housing Act, there is a concern that HUD won't be able to properly enforce those provisions.

Finally, we would recommend that an adequate portion of HUD's research funds be targeted for lead abatement and prevention programs. Of course, the outcome of that is usually mental retardation.

And they are really the highlights of our recommendations, unless you have any questions.

Mr. GREEN. Have you looked at the HUD lead-based paint proposals that were published in mid-April?

Mr. EVERETT. I haven't personally, but Kathy, have you had a chance?

Ms. MCGINLEY. I am Kathy McGinley with the ARC Governmental Affairs Office. Not very clearly, we haven't looked at them yet, no. We were at the hearings. One of the reasons that we included this is that we were at the hearings on the Senate side on the lead issue, and we have been concerned with the problem for the 20 years that they have been trying to work on this.

Mr. GREEN. We certainly would welcome your comments when you have had a chance to look at them. Thank you very much for your testimony.

[The statement of Mr. Everett follows:]

40
YEARS
HELPING
EVERY DAY

TESTIMONY
REGARDING FISCAL YEAR 1991 APPROPRIATIONS FOR THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBMITTED BY

THE ASSOCIATION FOR RETARDED CITIZENS OF THE UNITED STATES

BEFORE

THE SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

OF THE

HOUSE COMMITTEE ON APPROPRIATIONS

Wednesday, May 2, 1990

11:25 a.m.

Presented by:

John Everett
Executive Director
Association for
Retarded Citizens
of Howard County,
Maryland

OFFSET
CAMERA COPY

arc
Governmental Affairs Office 1522 K Street, N.W. Suite 516 Washington, D.C. 20005 (202) 785-3388
Association for Retarded Citizens of the United States
Formerly National Association for Retarded Citizens

SUMMARY OF THE ASSOCIATION FOR RETARDED CITIZENS OF THE UNITED STATES RECOMMENDATIONS FOR FISCAL YEAR 1991

The Association for Retarded Citizens of the United States (ARC) respectfully submits the following recommendations for fiscal year 1991 appropriation levels for the Department of Housing and Urban Development (HUD). ARC recommendations focus on HUD initiatives that assist individuals with mental retardation and other disabilities to live successfully in the community. The ARC recommends:

o The loan authority for the Section 202 Direct Loan Program be maintained at least at the level included in the Housing and Community Development Act of 1987 for FY 1989, $650 million dollars. We also recommend that the program be modified to permit its use in multi-family housing, condominium, and cooperative communities. We recognize the need for additional housing for persons who are homeless, however, we strongly recommend, that any new programs in this area, such as the Shelter Plus Care Program, if funded, be funded with new funds and not at the expense of other existing programs, such as Section 202.

o An appropriation level of $10 million for the Congregate Housing Services Program. We also recommend that, while a program of services for persons who are elderly and frail and "aging in place" is an idea with merit, it should not be established with funds taken from another critical program already serving many individuals who are elderly or have disabilities.

o An appropriation level of $143.4 million For the Supportive Housing Demonstration Program with $30 million in these funds specifically earmarked for the Permanent Housing Program for Handicapped Homeless to help ensure the availability of needed permanent housing for persons with disabilities moving from transitional settings.

o Continuation of the current appropriation level of $3 billion for the Community Development Block Grant Program in fiscal year 1991.

o An increased appropriation level of $20 million for the Fair Housing Initiatives Program. The Administration has requested $12.2 million for all of HUD's Fair Housing enforcement activities and for the funding of state, local, and private enforcement activities. This is an insufficient sum to enforce the law, and also represents a $200,000 reduction from the FY 1990 appropriation.

o Finally, that an adequate portion of HUD's Research and Technology funds be targeted for lead abatement and lead poisoning prevention programs, and that all lead abatement programs include housing for persons who have disabilities.

INTRODUCTION

Mr. Chairman, Committee Members....My name is John Everett. I am Executive Director of the Association for Retarded Citizens of Howard County, Maryland. The Howard County ARC is actively involved in the provision of community-based housing options for persons with mental retardation. We presently have 23 community-based residences serving 73 individuals. Each of these houses, except one, provide homes for three individuals. The other has six people living there. At the present time, the Howard County ARC is involved in a Section 202 project with a consortium of human services providers. This will, upon completion, be a scattered site project with seven homes for three persons each. Five of the homes will be operated by the ARC and two by a mental health agency.

This year the Association for Retarded Citizens of the United States marks its 40th year of nationwide service to persons with mental retardation. The ARC counts among its more than 160,000 members, parents, professionals, and self-advocates across the nation who are part of, or work on behalf of, the over six million citizens with mental retardation.

For over a decade, a priority ARC concern has been, and continues to be, the availability of community-based services, including residential options, for persons with mental retardation. Concomitant with this concern is the deinstitutionalization of persons with mental retardation residing in large, and most frequently, inadequate and inappropriate residential settings which many have been forced to call home. It is also an ARC concern that persons with mental retardation, who reside in the community, have the opportunity to experience the same life span transitions as others. These transitions include those related to the choice of where and with whom to live.

Our success in these efforts and the success of the 1,300 state and local ARC affiliates are dependent upon both the availability of affordable, community-based housing, and access to the means to develop and/or acquire such housing. As a result, the individuals whom we represent, and those who provide services for them, often depend on programs of the Department of Housing and Urban Development to spur the development and/or acquisition of, and ensure access to, a variety of community-based housing options.

HOUSING AVAILABILITY

Independence, integration, and productivity are both values and goals of the disability community. Public policy that is going to affect the lives of persons with mental retardation and other disabilities must reflect these values and be designed to achieve these goals. Individuals with mental retardation and other disabilities are people first and as people they reflect the same heterogeneous mixture of desires and needs as the population taken as a whole. This wide variety of desires and needs is as true in the area of housing as in all other areas of life.

At the present time, and for at least the past decade, the lack of available affordable housing continues to be a major problem for persons with disabilities. Therefore, the continuance and expansion of assisted housing programs, which ensure prompt new construction, acquisition and rehabilitation, rental subsidies, and the opportunity for persons with mental retardation to choose among a variety of community-based housing options are all major concerns to our constituents.

o The Section 202 Direct Loan Program is the federal program that has most visibly contributed to expanding community-based housing for persons with mental retardation and other developmental disabilities. The Section 202 Program is especially important because it is the only capital financing mechanism within HUD specifically designated to develop housing for persons with disabilities. The number of available units has ranged from 30,000 units in 1976 to approximately 7,900 units for which funds are available for fiscal year 1990 (Federal Register, April 13, 1990). The Administration's FY 1991 budget request continues this downturn and proposes modifications to the Section 202 program which have the potential to completely decimate its effectiveness in providing housing for both persons with disabilities and persons who are elderly. The proposed loan limitation of $282.5 million is purported to support 3,967 units of new construction with only 870 of these units for persons with disabilities. In addition, 3,000 units of leased housing are proposed with 1,300 of these ostensibly for persons with disabilities under the Section 202 program. However, the Administration then recommends designating 1,000 of these units for persons with chronic mental illness under the Shelter Plus Care Program, part of the Homeownership and Opportunity for People Everywhere Act of 1990 (HOPE). This designation would leave only 300 units of leased housing available to the entire pool of individuals with disabilities eligible for the Section 202 Program. These numbers represent a 59 percent decrease in new construction units for persons with disabilities.

If the suggested leased units' proposal is supposed to successfully furnish sponsors of housing for persons with disabilities with flexibility in providing housing options, at least two things are required that are presently not available...a large supply of appropriate housing stock and the "bankability" of housing vouchers. These two requirements are not in place. According to data from a 1987 waiting list survey carried out by the ARC, more than 60,000 persons were then waiting for community-based residential services. This number continues to grow and does not reflect the waiting lists for persons with other mental or physical disabilities.

Many sponsors of Section 202 housing for persons with disabilities have been seeking flexibility. This is, however, in part, the flexibility to acquire or develop housing in more integrated settings. A major goal of the disability community has been to modify the requirements of the Section 202 Program so that funds can be used to develop housing in multi-family housing, condominium, or cooperative communities. Free standing group homes and independent living centers remain necessary for many individuals with disabilities because of the depth of supportive services needed, but for others with less strong service requirements the opportunity to live as part of the larger community as a whole is highly beneficial. Also in many geographic locations, the limited availability of open land or high land costs demands the development of condominium and townhouse communities.

There are many other ways in which HUD initiatives are assisting persons with disabilities living in the community.

o The Community Development Block Grant Program has been helping organizations to acquire and rehabilitate buildings used for group living arrangements and other community-based services, shelters for persons who are homeless, and programs for home remodeling for accessibility. CDBG funds have provided localities with the necessary discretion to fund appropriate services based on specific local needs.

The Administration has proposed a $2.7 billion funding level for FY 1991 for this program. This proposal reflects a decrease of $300 million from the current appropriation level. The Administration also is proposing legislation to make new construction of housing generally eligible for CDBG funding and to provide states and localities with greater flexibility to address the housing needs of low and moderate income persons. We support this emphasis on assurances that CDBG funds benefit low and moderate income persons. However, this effort would require, at the very least, the maintenance of current funding levels. With a decrease in funding would come another decrease in the availability of critically needed housing and other community services that could lead to an increase in homelessness and institutionalization among persons with disabilities. The ability for these funds to be utilized in remodeling for physical accessibility is critical in light of the passage of the Fair Housing Amendments Act of 1988. The ARC has already reported an increased number of requests related to CDBG funds for this purpose.

o The Congregate Housing Services Program has also been a unique initiative to ensure that those living in HUD-funded housing in the community will have the support services, such as meals, transportation, personal care, and housekeeping assistance, that are necessary for them to continue to live in the community and avoid institutionalization. One-third of those served by the program in recent years have been persons with disabilities.

The Administration proposes no additional funding for this program in FY 1991 and submits that the $5.8 million appropriation for FY 1990 and the $606 thousand available in carryover balances be used to extend the existing contracts through 1990. Under its HOPE initiative, the Administration instead requested funds for a demonstration of 1,500 service-supported housing vouchers to enable frail elderly persons to live independently. This recommendation does nothing to continue to provide services to the large number of persons in existing residential settings and makes no mention of services for persons with disabilities. Termination of the Congregate Housing Services Program would result in participants facing not only a loss of essential services but also isolation, the loss of mobility and independence, and a much greater risk of costly and unwarranted institutionalization.

o The Permanent Housing for Handicapped Homeless Persons, part of the McKinney Supportive Housing Demonstration Program, provides needed permanent, community-based housing for persons with disabilities, who have moved from transitional housing and/or are homeless or at risk of becoming homeless.

o In passing the Fair Housing Amendments Act of 1988, Congress prohibited discrimination against individuals with disabilities and families with children, and broadened the government's enforcement powers. The newly amended law requires private and public housing providers to accommodate the needs of persons with disabilities by, for example, modifying housing policies and practices that result in discrimination, and designing new multi-family housing that is structurally adaptable. This law has the potential to greatly expand the availability and accessibility of housing for persons with mental retardation and other disabilities if well developed outreach and education programs are undertaken, and if strong and consistent enforcement is a major priority.

o In 1971, the Congress reflected its concern with the dangers of lead by the passage of the Lead Poisoning Prevention Act. Unfortunately, the implementation of this law has been haphazard and, to this day, unsuccessful in reducing this recognized, and preventable, cause of disability in individuals exposed to even lower levels of lead than was previously believed. It is essential that effective, safe lead abatement programs be carried out without further delay in all types of housing provided or supported by HUD, including housing for persons who have disabilities. Too much time has gone by and too little has been accomplished since this critical program was originally initiated almost 20 years ago.

ARC RECOMMENDATIONS

The decade-long, historical decline in the availability of housing for individuals with low incomes, coupled with an increase in the number of individuals who are, or may become, homeless, and the need to provide affordable housing to our most at-risk citizens demands continued and expanded Federal support. Therefore, the ARC recommends the following funding levels for specific assisted housing programs, for the effective implementation and enforcement of the Fair Housing Amendments Act of 1988, and for effective implementation of HUD sponsored lead abatement and lead poisoning prevention programs.

o For Section 202, we recommend that the loan authority for the program be maintained at least at the level that was included in the Housing and Community Development Act of 1987 for FY 1989, $650 million dollars. We also recommend that the Section 202 Program be modified to permit its use in multi-family housing, condominium, and cooperative communities. While we recognize the need for additional housing for persons who are homeless, we recommend, however, that any new programs in this area, such as the Shelter Plus Care Program, if funded, be funded with new funds and not at the expense of other existing programs, such as Section 202.

o For the Congregate Housing Services Program, the ARC recommends an appropriation level of $10 million. We also recommend that, while a program of services for persons who are elderly and frail and "aging in place" is an idea with merit, it should not be established with funds taken from another critical program already serving many individuals who are elderly or have disabilities.

o For the Supportive Housing Demonstration Program, the ARC recommends an appropriation level of $143.4 million with $30 million in these funds specifically earmarked for the Permanent Housing Program for Handicapped Homeless. This type of earmarking would help ensure the availability of needed permanent housing for persons with disabilities moving from transitional settings.

o For the Community Development Block Grant Program, the ARC recommends continuation of the current level of appropriation, $3 billion, in fiscal year 1991.

o The ARC recommends an increased appropriation level of $20 million for the Fair Housing Initiatives Program. The Administration has requested $12.2 million for all of HUD's Fair Housing enforcement activities and for the Department's funding of state, local, and private enforcement activities. Not only is this an insufficient sum to enforce the law, but is also represents a $200,000 reduction from the FY 1990 appropriation.

o Finally, the ARC recommends that an adequate portion of HUD's Research and Technology funds be targeted for lead abatement and lead poisoning prevention programs. We also recommend that all lead abatement programs include housing for persons who have disabilities.

SUMMARY

Mr. Chairman, the ARC is very pleased to have had this opportunity to share our views and our recommendations on these critical programs with the Committee. We want to thank you and the Committee for the continuing interest you have shown for the housing needs of persons with mental retardation and other disabilities. The ARC is eager and prepared to actively work with you. Our goal, as yours, is an appropriations bill that is responsive to the individual housing needs of all citizens, including persons with mental retardation and other disabilities. Again, thank you for allowing us to appear before you today. For more information, contact Dr. Kathleen McGinley, Association for Retarded Citizens of the United States Governmental Affairs Office, (785-3388).

WEDNESDAY, MAY 2, 1990.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESS

SAMUEL SIMMONS, NATIONAL CAUCUS AND CENTER ON BLACK AGED, INC.

Mr. GREEN. It is my particular pleasure to welcome a former boss of mine, when I was Regional Administrator of HUD, the Honorable Samuel Simmons is here. Mr. Secretary?

Mr. SIMMONS. It is good to be here today. I don't know, I feel a little uncomfortable and embarrassed. You know, it is like the last member of the family to come by for a visit, and the host wants to get it over with so they can go to bed or someplace else.

Mr. GREEN. Not at all.

Mr. SIMMONS. And here comes the prodigal relative saying the same thing that all of the other relatives have said. I am certain there is not one thing that I am going to tell you today that you don't know better than I do, or that you haven't heard already.

You know, when we start off looking at the whole issue of public housing and recognize how important it has been with the low-income people, the Administration has cut it back to next to nothing.

We are here to urge you to do whatever you can to restore as much of the funds as is possible under the present budget restraints.

We are also very concerned in terms of the cutback, significant cutback in terms of 202 housing going from 20,000 units down to about 7,000 units this year, with the Administration really recommending that it be cut further.

I don't need to tell you that this is one program that is not broke. It doesn't need fixing. Even though there may be personalities over at HUD, you don't have any indication that there are problems with the 202 program. We would hope that your subcommittee could push for the restoration of as many units as possible.

We are also concerned in terms of minority sponsorship for 202 housing for the elderly. We think it is very important for the committee to again have report language urging the Department to do what it can in the way of providing technical assistance to minority sponsors, and one of the things that I have recommended since back in the early seventies that has never happened.

There is this section 102(a) of the Housing Act that was never funded. If it were funded, there would be a possibility of providing some assistance to minority sponsors, but that has never happened.

We are also here today to urge a $10 million funding level for the congregate housing program. This is a program that the Administration each year wants to kill. If they can't kill it, to at least keep it at its present level.

We would hope that funds would be made available so that there could be 43 more projects.

One other thing that I would like to call your attention to is the SEEP program, the Senior Environmental Employment Program, under the Environmental Protection Agency. We would hope that the subcommittee would again include report language urging EPA to make the maximum use of the elderly in terms of the SEEP program. Again, you have my whole written statement.

Mr. GREEN. Which we will include in the record.

Mr. SIMMONS. You could have written it for me and given it, but I feel obligated once a year to again converse with you in terms of saying how important it is for us to work together to try to meet the housing needs of the low-income people in this country.

Mr. GREEN. You touched on it briefly in your testimony, but I know some years ago, you had expressed real concerns to me that minority sponsors weren't being given a fair shake under the 202 program. Do you think, at least in terms of HUD treatment of them, that they are getting a fair shake?

Mr. SIMMONS. HUD statistics say that, and I really question that. I feel that a lot more could be done in terms of trying to stimulate more minority sponsorship to get involved in this whole area. We do a great deal of that.

For example, one of the things that I am now doing with AARP and with AAHA is in terms of trying to form a network to disseminate information, to try to create new minority sponsors, especially the more stable, wealthier churches, lodges and fraternities, to try to really get them involved, because too often, the minority sponsor that comes forth is some weak neighborhood group rather than a substantial church or a lodge or fraternity or sorority.

It is that kind of thing that I think HUD could do a great deal more of and to a great extent, as you know from your days at HUD, is not always spending money. Very often, it is the HUD area office getting out in the community convincing those that have the resources to get involved in this whole area. I think HUD could do a great more at that.

Mr. GREEN. I know how significant some of the black churches were, in terms of housing sponsorship. Well, again, we thank you very much as ever for your very informed testimony.

Mr. SIMMONS. Thank you.

Mr. GREEN. The subcommittee will stand in recess until 2 p.m.

[The statement of Mr. Simmons and additional testimony for the record on Housing and Urban Development follows:]

TESTIMONY BY

SAMUEL J. SIMMONS
PRESIDENT
NATIONAL CAUCUS AND CENTER ON BLACK AGED, INC.

BEFORE THE

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

ON

FUNDING FOR HOUSING PROGRAMS FOR OLDER AMERICANS

MAY 2, 1990

Mr. Chairman and Members of the Subcommittee, the National Caucus and Center on Black Aged, Inc. appreciates the opportunity to testify on the Fiscal Year (FY) 1991 VA-HUD-Independent Agencies Appropriations Act.

We fully recognize that your time is limited. Consequently, we shall keep our remarks brief. Our testimony will focus on two broad subjects (1) housing and related housing services for low-income aged Blacks and other low-income older Americans and (2) the Environmental Protection Agency's Senior Environmental Employment (SEE) program.

A. Public Housing and Section 8

First, NCBA urges the Subcommittee to reject the Administration's budget requests for public housing and section 8 existing housing. These proposals fall far short of the documented need, and would only make an already bad situation worse.

NCBA recommends, at a bare minimum, that the Subcommittee approve sufficient funding to continue public housing and the Section 8 existing programs at their current levels. This translates, in round numbers, to 6,300 new public housing starts and 30,500 incremental section 8 units.

Obviously, the need is far greater. NCBA recognizes, though, that budgetary constraints exist for this Subcommittee. Moreover, you must approve a bill which will either pass presidential muster or have sufficient support in Congress to meet the constitutionally mandated two-thirds requirement if President Bush should veto the FY 1991 VA-HUD-Independent Agencies Appropriations Act.

If budgetary conditions permit, NCBA urges the Subcommittee to approve an increase in the number of public housing and section 8 existing units -- and preferably a significant increase. We recognize that your decision would be governed by several factors, such as your Subcommittee's allocation from the full Appropriations Committee, budgetary conditions, and political realities. We have utmost confidence that you would be fair by approving additional public housing and section 8 units.

Housing is perhaps the most visible sign of deprivation for older Blacks. Today, thousands of elderly Blacks live in dilapidated or unfit housing. Many find themselves in a deplorable housing situation. Their homes may be old, crumbling or deteriorating. Yet, they lack the financial resources or skills to repair their dwellings to make them more habitable.

Public housing is especially critical for elderly Blacks and other low-income older Americans. Recent statistics reveal that about two out of every five households living in public housing are headed by an aged individual.

B. Section 202 Housing for the Elderly and Handicapped

Second, NCBA is totally opposed to the Administration's inadequate budget request for section 202 housing for the elderly and the handicapped.

Section 202 has already been slashed very deeply because of sharp budget cutbacks in recent years during the Reagan Administration. In FY 1980, section 202 had 20,850 starts. The Department of HUD estimates that section 202 will fund nearly 7,700 units for FY 1990. The Administration proposes to cut that number virtually in half, to 3,967 units for FY 1991.

As a longer-term goal, NCBA supports increasing production for section 202 to at least 20,000 units per year -- approximately the same level that was funded in FY 1980. We recognize that it will not be possible to do this immediately. Consequently, we are urging the Subcommittee to approve sufficient funding to support 9,500 units -- basically the same amount as in FY 1989.

Section 202 is certainly one of the most effective and popular housing programs ever developed. It has been well administered throughout its history. It has provided pleasant and affordable housing that has been tailor made for lower-income and moderately lower-income elderly and handicapped persons.

A relatively recent survey reveals that more than a quarter of a million older Americans were on section 202 waiting lists. Unfortunately, only about one out of five (21 percent) of these individuals will ever be able to move into a section 202 unit.

C. Technical Assistance for Minority Sponsors

Third, NCBA further urges the Subcommittee to adopt report language to call upon HUD to promote increased minority sponsorship of section 202 housing by providing greater technical assistance to minority applicants. The Subcommittee has included similar language in the past which has helped to produce more minority sponsors.

Quite clearly, the sponsoring organization has a significant impact upon minority occupancy in federally assisted housing. NCBA has found that minority sponsors have a greater tendency to locate in areas where higher concentrations of elderly minorities live. The proximity of the housing site is clearly a major factor in determining who is served by a section 202 or other housing program.

For these reasons, NCBA renews its request that this report language should be approved by the Subcommittee.

D. Congregate Housing Services

Fourth, NCBA supports a $10-million funding level for the Congregate Housing Services Program (CHSP). This amount is $4.171 million more than the FY 1990 appropriation after the sequestration under the Gramm-Rudman-Hollings amendment. The Administration requested no funding for the CHSP.

HUD estimates that the FY 1990 funding would support about 60 projects. Our proposal would fund approximately 43 more projects, raising the total from 60 currently to 103.

Today many older Americans are unnecessarily or prematurely institutionalized. Congregate housing services, though, can enable "at-risk" persons to live independently. Some experts estimate that 15 to 40 percent of all nursing home residents do not need full institutional care, but simply require basic social and other related services, such as meals, housekeeping or personal care assistance.

Congregate housing services are not only humane but also make sense economically for our nation and older Americans. The record is clear that a well managed and effectively administered CHSP can pay handsome dividends by preventing unnecessary or premature institutionalization.

E. Senior Environmental Employment (SEE) Program

Lastly, NCBA urges the Subcommittee to include report language again, calling upon EPA to make greater use of SEE enrollees to improve our environment, and especially projects evolving from "Earth Day" type activities. This is a clear example of a "win-win" situation for our nation and the older workers.

Our nation benefits from the services performed by SEE enrollees who protect our environment. These activities take many forms, including the school asbestos abatement program, monitoring the air we breathe, testing the water that we drink, and many others.

Older workers benefit, too, from SEE in numerous ways. They earn money to help meet their financial and other obligations. Equally important, they provide valuable services by assisting others in their communities.

F. Conclusion

In conclusion, NCBA wishes to thank you again for this opportunity to present our views. We also want to thank you for your past support in responding to the housing and other needs of low-income older Americans. You have been fair and fiscally responsible.

We hope to have your continued support for our recommendations for FY 1991. These measures are greatly needed, and they would represent an important step in improving the quality of life for aged Blacks and other low-income older Americans.

Thank you. If you have any questions, I shall be glad to respond either now or for the record if your would prefer.

TESTIMONY OF THE HONORABLE BILL RICHARDSON
BEFORE THE
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
MAY 3, 1990

THANK YOU MR. CHAIRMAN, AND MEMBERS OF THE SUBCOMMITTEE, FOR THE OPPORTUNITY TO TESTIFY TODAY ON FUNDING FOR INDIAN HOUSING, AN ISSUE OF UTMOST IMPORTANCE TO MY CONGRESSIONAL DISTRICT IN NEW MEXICO.

MR. CHAIRMAN, THE ADMINISTRATION HAS AGAIN PROPOSED ZERO FUNDING FOR 1991 INDIAN HOUSING DEVELOPMENT, YET THE NEED FOR NEW UNIT CONSTRUCTION AND REHABILITATION IS AT AN ALL TIME HIGH. A BUREAU OF INDIAN AFFAIRS SURVEY OF HOUSING NEEDS IN INDIAN COUNTRY INDICATES THAT OVER 90,000 INDIAN FAMILIES ARE WITHOUT ADEQUATE HOUSING.

I RECENTLY MET WITH THE GOVERNORS OF TWO INDIAN PUEBLOS IN MY DISTRICT TO DISCUSS THEIR HOUSING NEEDS AND PROBLEMS. I LISTENED TO THEIR ACCOUNTS OF SUBSTANDARD LIVING CONDITIONS TYPIFIED BY A LACK OF ELECTRICITY AND PLUMBING, DIRT FLOORS, AND UNSAFE WATER SUPPLIES. THESE ARE THE BASIC AMENITIES THAT MANY OF US TAKE FOR GRANTED.

AT THE LAGUNA PUEBLO, THERE ARE CURRENTLY FORTY FAMILIES ON A HOUSING WAITING LIST. THIS SHORTAGE OF HOUSING HAS FORCED MANY OF THESE FAMILIES INTO INTOLERABLE LIVING CONDITIONS. THE GOVERNOR OF THE PUEBLO HAS ASSESSED THE MINIMUM NEED FOR NEW HOUSING THERE AT 40 UNITS, JUST TO HELP ALLEVIATE CURRENT

PROBLEMS.

THE GOVERNOR OF POJOAQUE PUEBLO, WHO IS ALSO THE COMMISSIONER OF NEW MEXICO'S NORTHERN PUEBLOS HOUSING AUTHORITY, HAS ASSESSED THE AUTHORITIES' NEED FOR ADDITIONAL UNITS AT 215. AGAIN, THIS NUMBER WILL ONLY PARTIALLY ALLEVIATE THE PROBLEM.

THE OTHER INDIAN HOUSING AUTHORITIES IN MY DISTRICT HAVE ALSO EXPRESSED A CRITICAL NEED FOR ADDITIONAL NEW UNITS, JUST TO MEET THEIR CURRENT HOUSING NEEDS.

MR. CHAIRMAN, I RESPECTFULLY URGE THIS COMMITTEE TO ADDRESS THE CRITICAL HOUSING NEEDS OF OUR INDIAN POPULATION BY APPROPRIATING FUNDING FOR THE CONSTRUCTION OF 3000 NEW UNITS FOR INDIAN HOUSING PROGRAMS IN FISCAL YEAR 1991.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE THIS SUBCOMMITTEE. YOUR CONSIDERATION OF THIS REQUEST IS GREATLY APPRECIATED.

Consortium for
Citizens with
Disabilities

FOR MORE INFORMATION CONTACT:
Kathy McGinley (ARC) 785-3388

TESTIMONY

REGARDING FISCAL YEAR 1991 APPROPRIATIONS

FOR THE

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBMITTED BY

THE HOUSING TASK FORCE OF

THE CONSORTIUM FOR CITIZENS WITH DISABILITIES

TO

THE SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

OF THE HOUSE COMMITTEE ON APPROPRIATIONS

May 3, 1990

FORMERLY: CONSORTIUM FOR CITIZENS WITH DEVELOPMENTAL DISABILITIES

SUMMARY OF THE CONSORTIUM FOR CITIZENS WITH DISABILITIES RECOMMENDATIONS FOR FISCAL YEAR 1991

The Consortium for Citizens with Disabilities respectfully submits the folllwing recommendations for fiscal year 1991 appropriation levels for the Department of Housing and Urban Development (HUD). CCD recommendations focus on HUD initiatives that assist individuals with disabilities to live successfully in the community. The CCD recommendations are as follows.

o The CCD recommends that the Section 202 Program receive an appropriation of $650 million for FY 1991, CCD also recommends that funds available for new construction be increased and that the leased units proposal be operated as a demonstration for all persons with disabilities eligible for the Section 202 program.

CCD recognizes the need for additional housing for persons who are homeless. However, the CCD supports providing units for the "Shelter Plus Care" program with new funds and not at the expense of the Section 202 program.

o The CCD recommends $10 million for the Congregate Housing Services Program in FY 1991.

o The CCD supports the Administration's recommendation of $143.4 million for the Supportive Housing Demonstration Program for FY 1991. However, we also recommend that at least $30 million be targeted to the "Permanent Housing for Handicapped Homeless" Program.

o The CCD recommends $3 billion for the Community Development Block Grant Program in FY 1991.

o The CCD recommends that Congress appropriate $247 million in new funds to expand desperately needed housing support to persons who are homeless. Funding for the Shelter Plus Care program must not be obtained at the expense of other programs to help people with disabilities, individuals who are elderly, or those who are homeless.

o The CCD recommends $20 million for HUD's implementation of the Fair Housing Amendments Act of 1988.

INTRODUCTION

The Consortium for Citizens with Disabilities (CCD) is a coalition comprised of over 65 consumer, advocacy, provider, and professional organizations working on behalf of the more that 43 million Americans with physical and/or mental disabilities. Each year the Housing Task Force of the CCD submits appropriations testimony on programs that affect the lives of persons with disabilities. The following testimony is related to fiscal year 1991 appropriations for the Department of Housing and Urban Development.

All Americans share the risk of becoming disabled. Some people are born with a disability, others develop a disability due to environmental factors, accident, illness, or injury. Others, yet, develop age-related disabilities. Persons with disabilities make up one of the largest minority populations in the nation but, unlike other minority groups, persons with disabilities are not always set apart by demographic categories. However, while disability may transcend age, sex, race, and national origin, more often than not, persons with disabilities are persons who fall into the low to very-low income range.

Like all citizens of this nation, individuals with disabilities have the need for appropriate and adequate housing. However, because of their income status, individuals with disabilities particularly rely on assisted housing programs that are sponsored through the Department of Housing and Urban Development. At the present time, and for at least the past decade, the lack of available affordable housing has continued to be a major problem for persons with disabilities. Therefore, the continuation and expansion, and the development of new assisted housing programs that ensure prompt new construction, acquisition and rehabilitation, rental subsidies, and the opportunity for persons with physical and mental disabilities to choose among a variety of community-based housing options are all of major concern to the CCD.

CCD RECOMMENDATIONS

The decade-long, historical decline in the availability of housing for individuals with low incomes, coupled with an increase in the number of individuals who are, or may become, homeless, and the need to provide affordable housing to our most at-risk citizens demands continued and expanded federal support. Therefore, the Housing Task Force of the CCD recommends the following funding levels for specific assisted housing programs and for the effective implementation and enforcement of the Fair Housing Amendments Act of 1988.

SECTION 202 DIRECT LOAN PROGRAM

The Section 202 Direct Loan program provides loans to non-profit organizations to construct or rehabilitate and manage housing for low-income persons who are elderly or have disabilities. The Section 202 program is especially important because it is the only capital financing mechanism within HUD specifically designated for housing development for people with disabilities, and it is administered in tandem with matched rental subsidies. In recognition of the differences in housing and service needs of persons with disabilities and persons who are elderly, the Housing and Community Development Act of 1987 mandated the creation of a separate Section 202 program for "Nonelderly Handicapped Individuals or Families".

Federal support for the Section 202 program has steadily been reduced over the past 15 years. The number of available units has ranged from approximately 30,000 units approved in FY 1976 to 8,500 potential units for which funds were appropriated for FY 1990. The President's FY 1991 budget request continues this downturn. It proposes a loan limitation of $282.5 million to support 3,967 units of new construction with only 870 units for persons with disabilities. In addition, HUD proposes 3,000 units of leased housing with 1,300 of these units for persons with disabilities. However, 1,000 of these leased units would be designated for homeless persons, who have chronic mental illness or are substance abusers, under the "Shelter Plus Care" program, part of HUD's HOPE initiative.

CCD RECOMMENDATION: The CCD recommends that the Section 202 Program receive an appropriation of $650 million for FY 1991. CCD also recommends that funds available for new construction be increased and that the leased units proposal be operated as a demonstration for all persons with disabilities eligible for the Section 202 program.

CCD recognizes the need for additional housing for persons who are homeless. However, the CCD supports providing units for the "Shelter Plus Care" program with new funds and not at the expense of the Section 202 program. (Specific recommendations for the Shelter Plus Care Program are on pages 4-5 of this testimony)

Many persons with severe disabilities require ongoing supports to lead typical lives in the community. Waiting lists exist nationwide for community housing options. The continued marked decrease in new loan authority for the Section 202 program has resulted in more than 60 percent fewer new units funded annually. An additional program change would be another obstacle to the development of affordable housing for persons with disabilities. The supply of new housing stock would once again be diminished and the number of available leased units totally inadequate in relation to the need, leading to intense competition within an ever shrinking pool.

CONGREGATE HOUSING SERVICES

The Congregate Housing Services Program was authorized by the Housing and Community Development Amendments of 1978. A demonstration program was begun in 1980 to provide funding for essential supportive services for residents of HUD Section 202 and public housing units. The program is designed to encourage and assist persons who are elderly or who have disabilities to maintain independence within their homes. One-third of those served in recent years have been people with disabilities. Services provided have included meals, transportation, personal care and housekeeping assistance and are designed to permit individuals to live independently within the community, avoiding institutionalization.

Once again, the Administration budget recommends no additional funding for this program in FY 1991. The proposal submits that the $5.8 million appropriation for FY 1990 and the $606 thousand available in carryover balances can be used to extend the existing contracts during 1990. Under its HOPE initiative, HUD is requesting $44 million in 1991 for a demonstration of service-supported housing vouchers (1,500) to enable frail elderly persons to live independently. This recommendation does nothing to continue to provide services to the large number of persons in already established residential settings and makes no mention of services for persons with disabilities. Termination of the Congregate Housing Services program will result in its participants facing hunger, isolation, the loss of mobility and independence, and a much greater risk of costly and unwarranted institutionalization.

CCD RECOMMENDATION: The CCD recommends $10 million for Congregate Housing Services in FY 1991.

There is a growing need to provide persons with severe disabilities with an array of personal assistance and individualized support services to enable them to live full lives in the community. This program offers one approach to providing these vital supports. The major focus of the disability community has long been the development of community-based programs and services. However, at the same time, there have been substantial reductions in available federal funds for these programs and a lack of available state programs. Funds for Title XX, one of the few federally funded programs to provide community-based services for persons with disabilities, have been substantially reduced and other funding sources have not been developed or increased to compensate for this loss.

SUPPORTIVE HOUSING DEMONSTRATION PROGRAM

The Supportive Housing Demonstration Program, authorized in 1987 under the McKinney Homeless Assistance Act, funds both transitional and permanent housing for homeless persons with disabilities. The transitional housing program is intended to help homeless individuals, including those with mental disabilities, to move into independent living settings by providing temporary housing and supportive services. Transitional housing funds are provided to government and private non-profit agencies for a percentage of the cost of acquiring and rehabilitating housing and for providing supportive services. The permanent housing program for homeless individuals with disabilities provides funding to states for permanent, community-based housing specifically geared to persons with disabilities who have moved from transitional housing and/or are homeless or at risk of becoming homeless. Funds may be used to purchase and/or rehabilitate property and pay initial operating costs. The state or locality must match dollar-for-dollar.

The President's FY 1991 budget request proposes an appropriation of $143.4 million for the Supportive Housing Demonstration program. To appropriate this amount, additional authorizing legislation will be required. The Administration also plans to propose legislation to allow the use of $20 million of the FY 1991 appropriation for a new initiative to assist homeless families eligible for AFDC presently living in temporary shelters.

The CCD supports the Administration's recommendation of $143.4 million for the Supportive Housing Demonstration Program in FY 1991. However, we also recommend that at least $30 million be targeted to the "Permanent Housing for Handicapped Homeless Program.

The permanent housing program for homeless persons with disabilities provides a much needed long-term approach toward combatting homelessness and deserves a substantial increase in funds specifically targeted for this program. This increase is essential to provide an incentive for more states to utilize the program and to strengthen the potential success of the overall program. Transitional housing meets an important need for those individuals who are homeless and require additional supports before moving into a more permanent setting. However, the goal of transitional housing is seriously undermined unless more permanent housing options are made available. CCD also supports the need to assist AFDC families living in temporary shelters as an integral step in moving them to permanent housing.

COMMUNITY DEVELOPMENT BLOCK GRANT

The Community Development Block Grant program was first authorized under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG program is the development of viable communities by the expansion of economic opportunities, principally for persons with low and moderate incomes. Grants are provided to units of local governments and states to fund activities directed toward neighborhood revitalization, economic development and improved community facilities and services. Specific activities under CDBG that assist individuals with disabilities include: the acquisition or rehabilitation of buildings used for group living arrangements and other community-based services, shelters for persons who are homeless, and programs for home remodeling for accessibility. CDBG grants have provided localities with the necessary discretion to fund appropriate services based on specific local needs.

For FY 1991, the Administration proposes a $2.7 billion funding level for the CDBG program. This reflects a decrease of $300 million from the current level. According to HUD, the reduction is a result of eliminating certain discretionary funding options. The Administration is proposing legislation to make new construction of housing generally eligible for CDBG funding and to provide states and localities with greater flexibility to address the housing needs of low and moderate income persons. While the CCD supports the emphasis placed by the Administration on the assurance that CDBG funds benefit low and moderate income persons, this would require at least the maintenance of current funding levels. With a decrease in funding could come a decrease in the availability of housing and other community-based services developed for those who truly need them which could lead to an increase in homelessness and institutionalization among persons with disabilities.

CCD RECOMMENDATION: The CCD recommends $3 billion for the Community Development Block Grant Program in FY 1991.

This program has been used by state and local governments in planning and implementing diverse community development options. Individuals with disabilities have benefitted from the establishment of residential and day programs that would not have otherwise been available. Because of the availability of these services, unnecessary institutionalization is being avoided. CDBG is also one of the few funding sources available to assist persons with disabilities to make accessibility modifications to their homes. This capability effectively increases the availability of accessible housing. Unfortunately, thousands of individuals with disabilities are still without access to these essential programs which can assist them in functioning to their full capabilities within the community. This program needs to continue to expand if community housing and program options are going to continue to increase.

SHELTER PLUS CARE FOR PEOPLE WHO ARE HOMELESS

The Administration has requested $247 million for a "new" program of housing assistance to people with mental illness, or recovering substance abusers who are homeless by redirecting funds from existing programs. The proposed "Shelter Plus Care Program" would include: $161 million and 6,600 units in a new Rental Housing Assistance program; $50 million from the McKinney Act Section 8 Moderate Rehabilitation (Single Room Occupancy) program to provide 1,305 units; and $36 million from the existing Section 202 program to provide 1,000 units.

The Rental Housing Assistance program would require amending the McKinney Homeless Assistance program to provide rental vouchers to individuals for use in a variety of housing settings, including apartments, group homes, or SRO units. The Moderate Rehabilitation (SRO) program is a modification of the Section 8 assistance currently available under the McKinney Act to subsidize landlords of SRO buildings so affordable rents are available. The funds from the Section 202 program would continue to be awarded to private non-profit sponsors primarily for the leasing of group living arrangements. In order to receive any of these housing subsidies, state, local, or private agencies would have to contribute an equal matching amount for supportive services.

Because the Shelter Plus Care initiative is derived by redirecting and reducing other programs designed to assist low income persons who have disabilities, are elderly, and/or are homeless, it could potentially add to, rather than reduce, the homeless population. The source of funding primarily impacted is the critical Section 202 program.

CCD RECOMMENDATION: The CCD recommends that Congress appropriates $247 million in new funds to expand desperately needed housing support to persons who are homeless. Funding for the Shelter Plus Care program must not be obtained at the expense of other programs to help people with disabilities, individuals who are elderly, or those who are homeless.

The Administration proposal is aimed at assisting people who are now homeless. However, it does so by cutting programs which also help people, who are homeless, or aim, in part, to prevent future homelessness among people who are elderly or have disabilities. This approach is both illogical and inhumane. This type of initiative, or one similar to it, is necessary, and should be funded, but with new, additional monies.

FAIR HOUSING AMENDMENTS ACT OF 1988

In 1988, Congress amended the Fair Housing Act to prohibit discrimination against individuals with disabilities and families with children, as well as to considerably broaden the government's enforcement powers. The newly amended law requires private and public housing providers to accommodate the needs of people with disabilities by, for example, modifying housing policies and practices that result in discrimination; and designing new multifamily housing that is structurally adaptable. In addition, the Fair Housing Initiatives Program requires that HUD allocate half of its "Fair Housing Activities" funds to state and non-profit grantees and contractors. The two-part enforcement program enables HUD and public and private organizations to enforce the Act, but HUD only has the authority to enforce the Act's protections of the two newly protected classes until the states enact "substantially equivalent" fair housing laws.

The Administration's budget requests $12.2 million for all of HUD's fair housing enforcement activities and for the Department's funding of state, local, and private enforcement activities. Not only is this an insufficient sum to enforce the law, it represents a $200,000 reduction from the 1990 appropriation.

CCD RECOMMENDATION: The CCD recommends $20 million for HUD's implementation of the Fair Housing Amendments Act of 1988.

Before the enactment of the FHAA, HUD's education, technical assistance and enforcement efforts were aided by states which had "substantially equivalent" civil rights laws. Currently, not a single state has a "substantially equivalent" law. The Act gives the states 40 months to enact such laws. During which time HUD retains the sole authority to enforce the new provisions of the Act. In addition to being solely responsible for interpreting and enforcing the new provisions of the Fair Housing Act, HUD will also be required to assist states in their efforts to enact these equivalent laws. Since no new funds are proposed by the Administration to be added to HUD's budget, the amount that is proposed will barely begin to pay for the national education and enforcement program necessary to fulfill the obligations of the new civil rights law, as well as HUD's own enforcement program.

The CCD Housing Task Force is very pleased to have had the opportunity to share our views and recommendations with the Members of the Committee. We want to thank you for your time and let you know that we are eager to work actively with you in this area. For more information contact any of the co-chairpersons of the CCD Housing Task Force. Their names and numbers are listed on the cover sheet.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESS

MAURICE MUFSON, M.D., ASSOCIATION OF PROFESSORS OF MEDICINE

Mr. **TRAXLER**. Dr. Mufson. We are going to insert your statement in full in the record and we would be pleased to hear from you at this point in time.

Dr. **MUFSON**. Thank you very much, Mr. Chairman, Members of the subcommittee, I am Dr. Maurice Mufson. I am the Chairman of the Department of Medicine at Marshall University School of Medicine in Huntington, West Virginia, and I am representing the Association of Professors of Medicine.

We are the national organization of Chairmen of departments of medicine for the 124 U.S. medical schools. The Association of Professors of Medicine, or APM, is pleased to have this opportunity to present our views and recommendations on fiscal year 1991 appropriations for the VA medical care and research program.

You know of the longstanding relationship between academic medicine and the VA health care system. I want to add that the APM, representative of the largest departments of medical schools, is committed to ensuring high quality health care for VA patients, and working towards revitalization of the health care enterprise of the VA.

To accomplish this goal, we need the help of this subcommittee. Things are not as well in the VA health care system as they appear to be. Because of successive years of underfunding, there is a crisis in health care funding. We estimate that the deficit in the VA health care funding this year will be between $500 and $750 million. I recognize and appreciate, and the APM appreciates the role this committee played in this year's supplemental of $50 million, and perhaps more.

But these funds will just be a band-aid on what is a gaping scar in VA health care systems support. The shortfall in funding has compromised the capability of the VA to deliver health care to its veterans; they have to wait for long periods of time for surgery and other services. I know at the Huntington, West Virginia VA medical center, veterans wait much longer than any of us would like to wait for our surgical care, especially our specialty surgical care.

Often vital medical equipment is not available for purchase because the funds need to be used for the daily health care of the veterans. If adequate funding is not provided, then the relationship between the VA health care system and the academic medical community will suffer seriously, and the result will be that the entire VA health care system will suffer.

You can imagine that difficulty, to ask for more money for the VA when the President's budget proposes a $1 billion addition. And you can imagine my embarrassment when I say that this is not enough. But it is not enough. Principally because with the current shortfall and the commitment for the coming year for increased salaries, the commitments to cover purchases of equipment, and the expected increase in the number of VA beneficiaries, then the $1 billion that the President proposes just disappears.

So I want to draw particular attention to our disappointment with the Administration's proposal for the VA research budget. There is clear evidence that the VA research program provides high quality research that is principally, or almost exclusively directed at the medical problems of veterans. And it is a key program in helping to accrue and retain physicians to the VA.

The Administration has chosen to slash the budget this year by $14 million, so that fiscal year 1991 the budget is $199 million. Of all the VA programs, the VA research program has shown a detrimental change in the last nine years. It continues to deteriorate and the quality of medical care deteriorates in parallel because of this.

We are also concerned because of the rumblings we have heard that the present leadership of the VA feels that there is duplicative efforts between the VA research program and the programs of the National Institutes of Health. This is short-sighted and narrow. The VA research program does fund biomedical and biopsychiatric research programs, and that is similar to the NIH mission.

However, the VA funds programs that are principally directed against health care of veterans, and it is in a major way clinically oriented, so the results of this research are more quickly and more directly applicable to health care problems of veterans.

It also provides for recruitment and retention of physicians to the VA. These physicians, scientists who come to the VA because of the opportunity for research on the diseases of veterans, might be lost if we cannot increase the VA research program budget.

The APM is proud to be an active member of the Friends of VA Medical Care and Health Research Coalition and supports its recommendations for fiscal year 1991. Specifically, I urge the subcommittee to provide $13.4 billion for medical care, and $268 million for VA research. The APM recommendation is the same as the veterans independent budget, as well as Representative Schumer's bill H.R. 4027.

It will allow the VA to maintain quality care services for all eligible veterans and meet the demands of the growing cohort of VA patients who are growing older and will require special geriatric care and will allow the VA to implement a plan to more realistically compensate physicians, dentists and nurses.

For research our recommendation will return the program to its 1985 level of support. This is important because that was the last good year for VA research before the effects of sequestration and underfunding took their toll. At the VA hospital in Huntington, we have seen the effects of this reduced VA funding over the years. It has made it harder for us to recruit first quality young physicians to the VA for the care of the patients, principally because there isn't that little attractiveness of having the academic environment and the research budget.

Research operates on a continuum. Projects are carried out over multiple years. One project lays the groundwork for another project, over the period in the future. So we need the budget to be done on a continuum.

Finally, our recommendation will allow for modest expansion of the Career Development Awards Program. This is a program that attracts high quality physicians who will do research through the research program, and then these physicians are likely to stay on at the VA research program. And then stay on in the clinical care program.

We have seen since 1980 that 66 percent of physicians who receive career development awards have stayed on in the VA as clinical care physicians. This program is bringing great return to the VA, and because of the diminishing budget, the number of these awards have been cut, and I think it is also important to provide enough funds so that we can increase the career development awards.

I thank you for the opportunity to appear before the committee today, and I would be glad to answer any questions.

Mr. **Traxler**. We want to thank you, Dr. Mufson, for your very fine statement, and we appreciate your appearance here on behalf of the Association of Professors of Medicine.

Mr. Green?

Mr. **Green**. I have no questions, Mr. Chairman.

Mr. **Traxler**. Mr. Coughlin?

Mr. **Coughlin**. Are there any programs that you are familiar with in the VA that are either overfunded or inefficient?

Dr. **Mufson**. Well, I don't know of any programs that are overfunded.

Mr. **Coughlin**. Well, just asking.

Dr. **Mufson**. I don't know of any that are overfunded. In terms of efficiency, well, in the diminished budget, it leaves very little room for inefficiency, although when they are so underfunded, programs become inefficient because they just cannot approach the care in the way that we would like to have it done.

Having people wait for surgery is very inefficient, because we increase the costs, we increase the length of stay, and the whole system is paying for something it shouldn't be paying for. They would be better off to have the surgery done and move them out of the hospital then have them have 10 days of in-hospital care in anticipation of doing surgery.

So I think the fund creates a certain amount of inefficiency in the system as a whole.

Mr. **Atkins**. No questions.

Mr. **Traxler**. You recall the House put in $50 million for medical assistance in the supplemental; the Senate added $45 million for equipment. I am sure you are pleased with the Senate amendment?

Dr. **Mufson**. Yes. I am pleased with that.

Mr. **Traxler**. Thank you very much. We are most grateful.

[The statement of Dr. Mufson follows:]

Association of Professors of Medicine

1101 Connecticut Avenue • Suite 700 • Washington, DC 20036 • (202) 857-1158 • FAX (202) 223-4579

STATEMENT

OF THE

ASSOCIATION OF PROFESSORS OF MEDICINE

ON

FY 1991 APPROPRIATION FOR THE
DEPARTMENT OF VETERANS AFFAIRS
MEDICAL CARE AND MEDICAL AND PROSTHETIC RESEARCH PROGRAMS

PRESENTED BY

MAURICE MUFSON, M.D.
CHAIRMAN, DEPARTMENT OF MEDICINE
MARSHALL UNIVERSITY SCHOOL OF MEDICINE
HUNTINGTON, WEST VIRGINIA

BEFORE THE

SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

MAY 2, 1990

Mr. Chairman and Members of the Subcommittee:

The Association of Professors of Medicine (APM) appreciates the opportunity to present its views and recommendations on the fiscal year (FY) 1991 appropriations for the Department of Veterans Affairs (VA) medical and medical and prosthetic research programs.

As the Subcommittee is aware, there has existed for the past four decades a productive and mutually-beneficial relationship between the VA and academic medicine. The members of the APM -- the 127 chairmen of departments of medicine at U.S. medical schools -- are acutely aware of the importance of this relationship to the care of VA patients. In addition, APM members see firsthand the critical importance of adequate funding for the VA healthcare system: first and foremost, because of its role in the VA's ability to deliver quality healthcare services to its patients; and, for its affect on the training of residents and interns at the VA, the conduct of biomedical research, and the overall operational capability of departments of medicine.

When taking stock of the VA healthcare enterprise halfway through FY 1990, the APM sees a system in crisis. Present estimates place the operating deficit for the VA for the current fiscal year, FY 1990, at over $500 million. The House has thankfully seen fit to provide a supplemental appropriation for the VA for this year, but the $50 million earmarked for VA medical care will simply not be enough to cover the anticipated shortfall. This is a familiar refrain to members of the

Subcommittee; unfortunately, the fact that organizations such as the APM must come before this panel each year and lament the current state of the VA is testimony in and of itself to the magnitude of the problem.

Turning to the Administration's request for the VA healthcare programs for FY 1991, it is difficult in these time of federal fiscal austerity not to be overjoyed at an increase such as the President has proposed for the VA for the coming fiscal year. Nevertheless, the APM would be remiss in its responsibility to present the subcommittee with its honest assessment, as well as be doing a disservice to its members and their VA partners, if we did not say that the nearly $1 billion increase is inadequate. A number of factors have lead the Association to this conclusion.

- there are scheduled pay increases and equipment purchases already in the VA pipeline, totaling approximately $750 million in FY 1991 outlays
- estimates place the number of current active duty armed forces personnel likely to be cut from the service next year at over 100,000; while not all of these veterans will be eligible for or in need of the full range of VA services, there will be an additional -- and unbudgeted -- load on the healthcare

system.

- o the budgetary shortfall in the system discussed above of over $500 million

When these factors are taken in their totality, it is clear that the $1 billion increase, while welcome in comparison to budget submitted for the VA by the Administration in previous years, is inadequate to meet the on-going needs of the VA system.

The Association would like to point with particular distress to the Administration's request for the VA medical and prosthetic research program for FY 1991. Under President Bush's proposal, the program would be reduced by nearly $14 million, from its present level of just over $212 million to $199 million, with the medical research service slated for a $16 million reduction. The APM can find no logical justification for this reduction, as the merit to veterans and to science of the VA research effort has been clearly documented in numerous hearing in both the House and Senate. It is worth noting that if the Administration's request for the VA were to be enacted, the program would fall below its FY 1988 level of funding.

There has been some indications that the present leadership at the VA believes that the veterans research program is duplicative with the larger effort financed by the National Institutes of Health (NIH). This is a narrow and short-sighted view of the purpose and role of VA research. Unlike the NIH enterprise, the VA research program is, by its very nature, designed to examine the medical and behavioral conditions that most commonly afflict the VA patient population. The VA effort is also separate and unique in that it is almost exclusively a clinically-based program, where the goal of the program is to fund research that allows the VA physician-scientist to work towards applying the results of the research directly to patient care services. Lastly, the VA research program serves as an excellent recruitment and retention tool for attracting high quality physicians to serve and stay at the VA. While there are other factors that attract physicians to the VA besides the presence of the research program, the APM believes there would be greater difficulty in bringing the quality clinician to the system if the research program is allowed to continue to deteriorate. If one was to compare the NIH with the VA, a more fair assessment might be that the two programs are complementary and both components of our national biomedical research effort.

The Association makes the following recommendations for FY 1991 for VA healthcare programs. For the medical care program, the Association joins with the other members of the Friends of VA Medical Care and Health Research, a coalition of over 120 research, academic, and public health organizations, as well as with the VSO Independent Budget, in recommending a medical care appropriation of $13.4 billion. This is also the same amount as is included in legislation, H.R. 4027, sponsored by Rep. Charles Schuemer of New York. The APM estimates that an appropriation at this level will allow the VA to maintain quality medical services while also meeting anticipated increased service demands and the needs of the growing geriatric cohort of the VA patient population. $13.4 billion would also allow the VA to implement a comprehensive plan to more adequately and realistically compensate physicians, nurses and dentists without cutting patient care services.

For medical and prosthetic research, the APM again joins with the Friends of VA coalition by recommending an appropriation of $268 billion. While this is a substantial increase over both the current level of funding ($212 million) and the amount recommended by the President ($198 million), the Association feels it is justified because it will simply return the program to its FY 1985 level of research effort, by correcting for past inconsistencies in support from FYs 1986-90. Research operates on a continuum, with projects not only being carried out over multiple years but with the results of one project laying the foundation for future scientific endeavor. Therefore, there must be consistency in the level of funding for the VA research program.

The APM recommendation for the VA research program also allows for a modest expansion of the Career Development Award Program, the research training mechanism of the VA. Data shows that since 1980, full two-thirds of those physicians trained under this program are still within the VA system, demonstrating that the Career Development program has been enormously successful in helping to build a dedicated cadre of quality professionals within the VA healthcare enterprise.

The APM thanks you again for the opportunity to present its views before the Subcommittee. Please call on the Association when we can be of assistance.

WEDNESDAY, MAY 2, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESS

HON. CHARLES SCHUMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. TRAXLER. We are going to call our good friend and colleague, Mr. Schumer, from New York State, and a friend of the Housing and Urban Development public housing and a friend of the veteran, and we are pleased to welcome you and we will put your entire statement in the record, and you are here today appearing on behalf of the NEHEMIAH program of HUD.

So please proceed.

Mr. SCHUMER. Thank you, Mr. Chairman.

I know that the committee's time is very busy and valuable, so I will just make a few brief points. Before I do, I had a pleasant surprise when I walked in: Dr. Laurence Finberg, who is here to testify for the AAMC, is head of the Health Science Center, we call it downstate in Brooklyn, and he is an outstanding medical leader who is fighting hard for our veterans' hospitals and veteran medicine, and I can assure Dr. Finberg that I don't think there has been a place in this country or this Congress that has cared more about it than this subcommittee. So you are in good hands.

I am here just to make a brief little pitch for NEHEMIAH, which as you know has been a program that I have cared very much about. I think it is a model for housing programs of the future. It shows what can be accomplished when community groups, the government, private sector and labor work together. It is a shallow subsidy, it is a second mortgage homeownership, and it is, in a day when we don't have much money, highly cost-effective.

The Federal Government would have to put up $80,000 or more to build a single unit of public housing in my city, but it can spend just $10,000 to help a struggling family become a homeowning family, and in most cases, while that family is not the poorest of the poor, they are the group, you know, I call them the real people in America who nobody knows or sees. It is working poor people. They don't get Medicaid, they don't get Legal Aid, they are hanging on by their fingernails.

It is often a single mother, has two part-time jobs, not one full-time job, because she has the children, brings them to school, works part-time, comes back, picks them up from school, puts them to sleep, has a sister or relative come over, watch them at night while she gets on her hands and knees and scrubs floors.

That kind of person benefits from NEHEMIAH, but the very poor also benefit, because that person has no other housing opportunity, moves out of the unit of public housing or assisted housing and creates an open unit for the poor for much less of a cost.

So for thousands of families across the country, NEHEMIAH offers a key to the American dream, their first home. And I just think it is a superb program, it is a program I know that we care about in the Housing Committee, as we are just marking up the authorization, the subcommittee will have $100 million, and I know that you have some demands on your limited budget that sometimes a little program that does a lot of good might sometimes slip through the cracks, and so I am here just to give my pitch for NEHEMIAH.

I don't think it is going to be funded at a high money level, but I hope you have enough money to keep the program going to help cities who you have helped in the past.

Mr. **TRAXLER**. You know, Congressman, we notice that this committee funded NEHEMIAH in 1989 at $20 million.

Mr. **SCHUMER**. Right.

Mr. **TRAXLER**. You said $20 million in 1990. What was the Secretary's view of this program?

Mr. **SCHUMER**. Well, the old Secretary was not very friendly to NEHEMIAH. He took his orders from OMB, as is coming out in hearings, you know, Secretary Pierce, that is, and his view was no new programs, and NEHEMIAH was a new program, sort of fill in the box, because the old administration used to criticize, say the present programs don't work. Then we try to come up with new programs, they say no new programs, and so you are sort of caught in a Catch-22.

Secretary Kemp has been much more favorable to NEHEMIAH, now it is not in the President's budget request, but at our hearing when he came by, he said that was because he thought that that was something that the Congress would fund, and he has said publicly on the record, he likes the program. So we haven't had the case with some, in the past when you put money in that wasn't spent. They have spent the full amount that you put in the past year.

The first year under Pierce they didn't spend it, but this year they have said they are spending the full amount.

Mr. **TRAXLER**. So what we are looking at is they had $20 million in 1989, they had $25 million in 1990, a total of $45 million, and they are obligating that now, to your knowledge?

Mr. **SCHUMER**. I don't know about the first $20 million, what they did with that. That was still under Secretary Pierce. I don't know if they spent that. Did it get rolled over? I am not sure. I will find out for you and submit it to the committee. I do know that they are spending the money in 1990.

Mr. **TRAXLER**. I guess we need to know for our purposes for the 1991 budget is it anticipated that they are going to have any carryover in the 1991. That is what they need to know, or are they going to obligate all the funds, the total $45 million for 1990?

Mr. **SCHUMER**. I will check it out and get back to the subcommittee.

Mr. **TRAXLER**. Appreciate it.

Any further questions, gentlemen?

Mr. **GREEN**. I think it is sort of sadly ironic that after the great success of NEHEMIAH in your borough, New York City doesn't seem to be able to move ahead with the program.

Mr. **SCHUMER**. I think part of that is indirectly related to the problems, but I don't know. One of the things we try to do, as I know you know, Mr. Green, is we try to make it a program that would not just go in big cities, but it could work in other areas. You know, smaller cities as well.

Mr. **TRAXLER**. Thank you very much.

Mr. **Schumer**. Thank you. Appreciate the committee's time and consideration.

[The statement of Congressman Schumer follows:]

NEHEMIAH TALKING POINTS - HUD/IA APPROPS BILL

NEHEMIAH IS A MODEL FOR HOUSING PROGRAMS OF THE FUTURE. IT SHOWS WHAT CAN BE ACCOMPLISHED WHEN COMMUNITY GROUPS, THE GOVERNMENT, THE PRIVATE SECTOR, AND LABOR WORK TOGETHER.

NEHEMIAH IS A SHALLOW SUBSIDY, SECOND MORTGAGE HOMEOWNERSHIP PROGRAM WHICH IS HIGHLY COST EFFECTIVE.

THE FEDERAL GOVERNMENT, WHICH WOULD HAVE TO SPEND ABOUT $80,000 OR MORE TO BUILD A SINGLE UNIT OF PUBLIC HOUSING IN MY CITY, CAN SPEND JUST $10,000 TO HELP A STRUGGLING FAMILY BECOME A HOMEOWNING FAMILY.

AND IN MOST CASES, THAT FAMILY WILL VACATE A UNIT OF PUBLIC HOUSING, CREATING SPACE FOR, PERHAPS, A HOMELESS FAMILY OR A FAMILY LANGUISHING IN A WELFARE HOTEL.

FOR THOUSANDS OF FAMILIES ACROSS THE COUNTRY, NEHEMIAH OFFERS THE KEY TO THE AMERICAN DREAM -- THE KEY TO THEIR FIRST HOME.

LOW AND MODERATE INCOME PEOPLE WHO ARE SCRIMPING AND SAVING WILL NOW BE ABLE TO AFFORD HOMEOWNERSHIP -- A GOAL PREVIOUSLY OUT OF REACH.

NEHEMIAH HOMES WILL BE BUILT IN BLOCKS, CREATING A CRITICAL MASS OF COMMITTED NEW HOMEOWNERS THAT RECLAIM NEIGHBORHOODS THAT HAVE FALLEN INTO DECAY.

LIKE THE PROPHET NEHEMIAH, SENT TO REBUILD JERUSALEM, THIS PROGRAM WILL OFFER THE HOPE OF RENEWAL FOR HUNDREDS OF COMMUNITIES AND THOUSANDS OF FAMILIES ACROSS THE NATION.

I URGE AND INVITE MY COLLEAGUES TO WATCH HOW THIS PROGRAM BRINGS HOPE TO PEOPLE ACROSS THIS NATION. IT IS A CLEAR DEMONSTRATION OF WHAT CAN BE ACCOMPLISHED WHEN THE GOVERNMENT WORKS WITH OTHER SECTORS OF OUR SOCIETY.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESS

ALVIN BLOCK, ESA, INCORPORATED, BEDFORD, MASSACHUSETTS

Mr. **TRAXLER.** Mr. Atkins, I understand that you wish to introduce our next distinguished witness.

Mr. **ATKINS.** Yes. Alvin Block, who is the president of ESA, Incorporated in Bedford, Massachusetts. ESA is a small business success story that has worked, and they have benefited from a number of the programs funded by this committee, and they have now developed the finest system for electrochemical array system technology, which allows us to detect minute quantities of substances in the environment or in the blood or whatever, and they are particularly interested in neurochemical research.

Mr. **TRAXLER.** Well, we wish to welcome Mr. Block. Would you take the witness seat? We are going to submit your entire statement in the record, and we are pleased to hear from you at this time.

Mr. **BLOCK.** Thank you, Mr. Chairman.

For 15 years, I have appeared before this committee and others to testify on health issues.

Today, I bring you a success story. New progress has been made in addressing some of the most pernicious neurodegenerative diseases—Alzheimer's, Huntington's, and Parkinson's.

My small, 20-year-old company is a key partner in this progress. We have developed a very sophisticated computer driven 16-channel NEUROCHEM analyzer. The analyzer is capable of measuring and resolving several hundred compounds at the part per trillion level in virtually any kind of liquid sample.

Applications of this technology include the detection of cancer, behavioral studies, nutritional studies and measurement of pesticides and toxic substances. Other applications are cardiovascular disease, alcoholism, pain, fertility and drug abuse. Outside of the health areas, this technology can be of great assistance to private industry and government organizations, such as the EPA and the FDA. This instrumentation can permit the improved measurements of small quantities of food components, such as natural constituents, adulteration products, or toxic components of insecticides or pesticides.

At the present time, the Congress is wrestling with the problems of a health care burden in the United States that exceeds $400 billion each year. Approximately 20 percent of that burden comes from degenerative disorders. Recent testimony from the National Institutes of Health estimates that 4 million people have Alzheimer's disease at an estimated annual cost of $80 billion. This is a drastic increase over estimates of five years ago. And this cost can be expected to grow as the population ages.

I offer three examples of hope:

One, a paper accepted for publication in the Journal of Neurochemistry reports on a possible mechanism of action for Huntington's Disease. This paper suggests a possible course of treatment through modification of diet.

A second development is a report at the Second Annual International Alzheimer's and Parkinson's Conference of the ability to select Alzheimer's, Parkinson's and Huntington's samples from normal control among 1,500 post-mortem human samples—a harbinger, certainly, that a diagnostic test may be possible.

Finally, a pathfinding paper published in the proceedings of the National Academy of Sciences describes how rats afflicted with a Parkinson's-like disease were successfully treated. Scientists transplanted a healthy gene that produces L-dopa to supplant the rats' failed gene, which couldn't produce that essential amino acid.

All of this work was possible only because of the availability of our NEUROCHEM analyzer. In each of these cases, we loaned the equipment to the researcher because funds were not immediately available for purchase.

Mr. Chairman, I respectfully urge this subcommittee to initiate the following programs:

One, at the VA, to develop a diagnostic data base for degenerative disorders—including Alzheimer's, Huntington's and Parkinson's—utilizing the electrochemical array system technology.

Two, at the EPA, to evaluate our technology and to support its application to monitor the environment and the reduction of pollution. This would include measuring benzidenes and phenols which can find their way into the water table.

Three, at the Institute of Medicine and the NSF, to evaluate our technology and after examining the body of knowledge which exists in neurochemical research to make recommendations to the various governmental agencies on how this technology can be applied to their specific mandate or purviews.

Four, at NASA, to support the application of this technology to studies of osteoporosis and the neuropsychological effects of extended weightlessness and to continue the research started on space motion sickness utilizing this technology.

The Alzheimer's program would be focused at several of the Alzheimer's disease centers and would complement and build upon research already under way.

If the mechanism of a disorder can be determined and understood, it may be possible to develop a method for diagnosis, control and treatment, perhaps by pharmaceuticals or diet.

When considered against the backdrop of 4 million afflicted and an $80 billion cost each year for Alzheimer's alone, the few million dollars needed for this program are insignificant—the benefits are not.

There can be no guarantees, but I believe, Mr. Chairman, that based on research that has already been performed, there is a high probability that we can develop inexpensive diagnostic tests that can be utilized routinely if this program is properly coordinated and funded.

Thank you, Mr. Chairman.

Mr. **Traxler**. Yours is a very interesting topic, and while this committee as a general rule doesn't direct agencies to buy a particular piece of equipment, I must say that it is kind of exciting laboratory equipment, the piece that you have here. What do you run your analysis on?

Mr. **Block**. Tissue, cerebral spinal fluid, blood or urine or water.

Mr. **Traxler**. And how long is the test period? How long does it take you?

Mr. **Block**. Depending on what you are trying to measure, anywhere from half an hour to an hour.

Mr. **Traxler**. When we are looking for toxics in fish, for instance, very important aspect of human health, in the past we have even sent those samples as far away as Scandinavia for an analysis, at the cost of thousands of dollars and months of effort. And you are suggesting that for an investment of $100,000, we can get the job done in a matter of an hour or two.

Mr. **Block**. I can't guarantee that for every analysis. I am not sure exactly what you are trying to measure.

Mr. **Traxler**. Dioxins.

Mr. **Block**. I am not sure whether it measures dioxins. I am not about to lay claim that we can measure everything that is toxic or carcinogenic.

Mr. **Coughlin**. No questions, Mr. Chairman.

Mr. **Traxler**. Mr. Atkins?

Mr. **Atkins**. No questions.

Mr. **Traxler**. We want to thank you for your appearance. If you can provide the committee with further information in greater detail about the capabilities of the equipment, we would be interested.

Although we are extremely reluctant to tell an agency what kind of lab equipment they should have, I think yours is kind of exciting, but it would be helpful for us to understand the full capabilities of the equipment.

Mr. **Block**. I will be very happy to.

Mr. **Traxler**. As it relates to some of the types of health toxics that confront our country, and it is very interesting that you relate it to Alzheimer's and arthritis and so forth.

Mr. **Block**. I can send you several technical papers that have been published on that.

Mr. **Traxler**. I know the staff will just be thrilled.

Mr. **Block**. I know I have difficulties understanding them.

Mrs. **Boggs**. Mr. Chairman, also in his testimony there is a great deal of interest expressed by the Japanese, and Europeans too, but especially by the Japanese. Could you tell us a little bit about that?

Mr. **Block**. Well, we don't know very much about what they do with it, but they have been buying it for universities and some of their pharmaceutical firms, and they are very reluctant to say anything about what they are doing with it. I do know at one of the research medical universities, they are looking at Parkinson's and they claim they have made some new breakthrough, but that is all I got out of it.

Mr. **Traxler**. Well, we are appreciative of your testimony. Thank you very much.

[The statement of Mr. Block follows:]

ESA, INC.

45 WIGGINS AVENUE
BEDFORD, MA 01730
617-275-0100 • TELEX: 923344
TELECOPIER: (617) 275-5529

TESTIMONY OF

ALVIN V. BLOCK

PRESIDENT OF

ESA, INCORPORATED

BEFORE THE

HOUSE SUBCOMMITTEE ON VA, HUD &

INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

CONCERNING

NEUROCHEMICAL RESEARCH

on

MAY 2, 1990

at

2:15 P.M.

Mr. Chairman:

My name is Alvin V. Block. I am President of ESA, Incorporated in Bedford, Massachusetts. For 15 years, I have appeared before this committee and others to testify on health issues.

Today, I bring you a success story. With the help and faith of the Congress and other government officials, plus a lot of hard work on the part of scientists and engineers at ESA and their research partners at some of America's leading universities and hospitals, new progress in addressing some of the most pernicious neurodegenerative diseases is beginning to unfold.

I speak of Alzheimer's, Huntington's and Parkinson's diseases.

In getting to this point, we have also found that our small, 20 year old company may have significant impact on the possible solutions to a number of other wide-ranging problems. I speak of pollution, food quality and purity, even the problem of astronauts getting sick in space.

I offer for the record some details of the application of our proprietary technology to some of these problems. But with your indulgence, I would like to sketch the story of how this technology sprang to life in the attic of a condemned building in Cambridge, Massachusetts, and how it has grown to be an indispensible tool for cutting-edge research in a number of fields. I will also acquaint you with some sobering news about its application in advanced research in foreign countries and talk briefly of how in my opinion, we need to provide additional support for academic researchers who wish to push the technology to the limit in tackling brain disorders such as Alzheimer's.

The technology is the brainchild of ESA founder Wayne Matson. In 1970 he was a recent MIT Ph.D. with a job as an assistant professor at the University of Michigan. He and one of his students decided to head back to Cambridge to pursue the classic American entrepreneurial dream. They wanted to develop a device to detect and analyze metals polluting the environment at levels a thousand times lower than previously possible. At that time I joined them, as employee No. 3.

At about the same time, the Federal Government asked us if we could find a way to detect lead in very small samples of blood. It was the practice then to extract a full test tube of blood in order to analyze for suspected lead poisoning. We were able to meet that challenge, developing a means for detecting lead poisoning in a single drop of blood. This made it possible to conduct wide screening of children for high levels of lead, with just a prick of the finger or heel. As a result of that research, we were asked by the Centers for Disease Control to become their reference laboratory for all CDC pediatric lead screening programs. We did that work from 1971 until 1982, when Federal funding for lead screening changed from categorical to block grants.

Meanwhile, we put our scientific and engineering expertise to work developing additional instrumentation for detecting and analyzing minute quantities of chemical compounds. A number of these instruments are now on the market. In addition, we operate a testing laboratory which provides detection and analysis services for government and industry.

We are fortunate to have been the recipient on several occasions of grants under the Small Business Innovation Research program, which have been of enormous help to us. We have received more than $1 million to date from this source, which supplemented the more than $5 million of our own private funds invested in this technology.

During the past ten years, we have focused much of our attention on development of very sophisticated, multi-sensor electrochemical detectors. The most advanced of these is the 16-channel NEUROCHEM^R analyzer, a completely automated computer-driven instrument that is performing the biomedical research that I mentioned in the beginning of my talk. The analyzer is capable of measuring and resolving several hundred compounds at the part per trillion level in virtually any kind of liquid sample. Less complex instruments in our electrochemical array family are being used in more routine applications.

Applications of this technology, besides those I have mentioned, include the detection of cancer, behavioral studies, nutritional studies and measurement of pesticides and toxic substances. Other studies focus on cardiovascular disease, alcoholism, pain, fertility and drug abuse. Outside of the health areas, this technology can be of great assistance to private industry and government organizations, such as the Food and Drug Administration. The capabilities of this instrumentation can permit the much improved measurement of small quantitites of food components, such as natural constituents, adulteration products, or toxic components of insecticides or pesticides.

In Japan, all newborn children are required to be tested for neuroblastoma, a highly malignant tumor that usually occurs in children under the age of 4. It is found mainly in the adrenals or sympathetic nervous system or in the brain. Our COULOCHEM^R analyzers are the sole instruments used in this testing. Approximately one and one-half million infants are tested in Japan each year with our instruments. More than 4 million have been tested all together. The Japanese government, in conjunction with their medical profession, has determined that it is cost effective and medically helpful to screen newborns for this disorder and to take corrective action. There is no equivalent mandated program for neuroblastoma in the United States at this time.

Interest in our electrochemical array system technology in Japan is not limited to clinical applications. The Japanese are the leading purchasers of our most advanced system, the NEUROCHEM^R. Japanese purchases exceed those made in the United States. A number of the NEUROCHEM^R instruments have also been purchased in Europe. It seems clear to me that in Japan and Europe, interest in playing a major role in neuroscience research is widespread.

American researchers have flocked to us asking us to run samples for them to test the application of the technology to their research. But many of them report to us later that they cannot purchase the equipment because the inclusion of expensive equipment or instruments on NIH grant applications jeopardizes their approval. Even in industry, the current planning horizons have made it difficult to implement projects to assure food purity. The electrochemical array system technology is expensive to purchase. The most sophisticated instruments sell for more than $100,000. But it is a fair price considering its development cost and its value to a user.

More important, it is a price that non-U.S. researchers are very willing to pay.

At the present time, the Congress is wrestling with the problems of a health care burden in the United States that exceeds $400 billion each year. Already, approximately 20 percent of that burden comes from degenerative disorders. Recent testimony by Dr. Williams, Director of the National Institute on Aging, National Institutes of Health, estimates that 4 million people have Alzheimer's disease at an estimated annual cost of $80 billion. This is a drastic increase over estimates of 5 years ago. And this cost can be expected to grow as the population ages.

I offer three examples of hope:

- One, a paper accepted for publication in the Journal of Neurochemistry reports on a possible mechanism of action for Huntington's disease. This paper suggests a possible course of treatment through modification of diet.
- A second development is a report at the 2nd Annual International Alzheimer's and Parkinson's Conference last fall in Kyoto, Japan, of the ability to select out Alzheimer's, Parkinson's and Huntington's samples from normal controls among 1,500 post mortem human samples - a harbinger, certainly, that a diagnostic test may be possible.
- Finally, a pathfinding paper published in the Proceedings of the National Academy of Sciences in November describes how rats afflicted with a Parkinson's-like disease were successfully treated. The scientists, at the University of California and elsewhere, used gene therapy. They transplanted a healthy gene that produces L-dopa to supplant the rats' failed gene, which couldn't produce that essential amino acid.

All of this work was possible only because of the availability of our NEUROCHEM^R analyzer. I must point out, that in each of these cases, we loaned the equipment to the researcher because funds were not immediately available for purchase.

Mr. Chairman, I respectfully urge this subcommittee to initiate the following programs:

1. At the Veteran's Administration, to develop a diagnostic data base for degenerative disorders - including Alzheimer's, Huntington's and Parkinson's - utilizing the electrochemical array system technology.
2. At the Environmental Protection Agency, to evaluate our technology and to support its application to monitor the environment and the reduction of pollution. This would include measuring benzidenes and phenols which can find their way into the water table.
3. At the Institute of Medicine and the National Science Foundation, to evaluate our technology and after examining the body of knowledge which exists in neurochemical research to make recommendations to the various governmental agencies on how this technology can be applied to their specific mandate or purviews.

4. At the National Aeronautics and Space Administration, to support the application of this technology to studies of osteoporosis and the neuropsychological effects of extended weightlessness and to continue the research started on space motion sickness utilizing this technology to solve the problem for astronauts.

The Alzheimer's program would complement and build upon the research already underway by key research groups across the country. The program would be focused at several of the Alzheimer's disease centers where work is already being done. It is likely that since ESA has developed this instrumentation, it will be utilized in this program. But even more important is that the program be initiated with the goal of developing a series of diagnostic tests for these disorders.

If the mechanism of a disorder can be determined and understood, it may be possible to develop a method for diagnosis, control and treatment, perhaps by pharmaceuticals or diet.

I may be criticized, Mr. Chairman, for urging such a program because my company, ESA, as developer of the instruments that would be used in the performance of this program, would obviously benefit. But Mr. Chairman, this is trivial when measured against the benefits that might accrue to those who are afflicted with these degenerative disorders and who are suffering without hope of relief.

When considered against the backdrop of 4 million afflicted and an 80 billion dollar cost each year for Alzheimer's alone, the few million dollars needed for this program are insignificant - the benefits are not.

There can be no guarantees, but I believe, Mr. Chairman, that based on research that has already been performed, there is a high probability that we can develop inexpensive diagnostic tests that can be utilized routinely if this program is properly coordinated and funded.

Thank you, Mr. Chairman.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESS

LAURENCE FINBERG, M.D., ASSOCIATION OF AMERICAN MEDICAL COLLEGES

Mr. **TRAXLER**. We would like to welcome Dr. Larry Finberg, College of Medicine, State University of New York.

Dr. **FINBERG**. Good afternoon.

Mr. **GREEN**. I am delighted, Mr. Chairman, that we have before us Dr. Laurence Finberg, who is dean of the College of Medicine in the State University of New York, Health Science Center at Brooklyn, and for our purposes, equally important is that the College of Medicine has an affiliation with the VA Brooklyn Hospital, and so it is a great insurer of quality health care of our residents.

Mr. **TRAXLER**. We will put your entire statement in the record and be pleased to hear from you at this time.

Dr. **FINBERG**. I am here on behalf of my University and the Association of American Medical Colleges, I wish to thank the subcommittee for the opportunity to testify.

Since World War II the VA and the nation's medical schools have collaborated in formal "affiliations agreements" that benefit the mission of the VA and the training of the nation's future health care providers. The AAMC understands and appreciates the importance of the VA to veterans as well as to the overall national health care delivery system. In an era of rising costs of health care and growing numbers of uninsured Americans, the VA's role in providing access to health care has become dramatically more important.

In academic medicine, we often refer to support for research and education. However, the main message relates to patient care. Simply put, VA hospitals suffer from a lack of resources necessary to provide reasonable quality, and sometimes quantity, of care to veterans. For the dean of a medical school this presents a serious two-pronged problem.

First, I am concerned about the care veterans receive. Second, I am concerned about the setting where students are educated. In my professional opinion, lack of resources threatens to compromise each of these factors.

While we at SUNY at Brooklyn appreciate our VA affiliations with the Brooklyn VAMC as a setting for medical education, we also help bring to the VA health care professionals of the very high caliber. In addition, the University provides nearly $1 million of support each year to the VA through factors such as subsidization of salaries.

Currently, over 100 members of the medical and surgical staff at the Brooklyn VAMC have faculty appointments at SUNY-Brooklyn. The research program involves 35 investigators supported by $63,000 in VA research funds and over $900,000 in non-VA funds.

In addition, 21 investigators are pursuing unfunded clinical research. Research projects include Cancer Diagnosis and Treatment, infectious diseases including AIDS, Diabetes, disease in the aged, and substance abuse.

In my written testimony, I have outlined some of the general problems facing the VA. This afternoon I would like to give you examples of the effects funding constraints have had on the Brooklyn VAMC. The Brooklyn VAMC is the fourth most complex VAMC in the nation, with an annual budget of $123 million, support 750 operating acute beds, 511 extended care beds, and a 350,000 visit outpatient program.

Over the past five years, the facility absorbed over $19 million salary increases and other administrative adjustments. At the same time, our hospital initiated new programs for the homeless, bought expensive medications for AIDS patients, and cared for veterans previously treated in the state mental health system.

At the start of fiscal year 1989, Brooklyn faced a shortfall of $6 million, and as a result, had to reduce ambulatory care visits, close wards, cancel contracts for special services, and reduce after-hour physician coverage. At the beginning of fiscal year 1990, Brooklyn faced a $4 million budget deficit. When VA Central Office failed to authorize internal management reforms aimed at reducing extended care beds, a hiring freeze had to be implemented. As a result, among others, the following professionals cannot be replaced: A cardiologist specializing in cardiac catheterization; a dermatologist specializing in skin cancer; a urologist, an expert in prostatic cancer; two physician assistants in internal medicine; and an anesthesiologist. There were also serious shortages of support personnel, such as file room clerks, which result in very poor medical chart retrieval notes.

Even when monies are available for special projects, such as the substance abuse programs, the prevailing salary rates are non-competitive, not only with the private sector or the University but even with the poorly paid state mental health system.

Over the last five years, while the VA funding rose only by 18 percent and medicare went up by 44 percent and medicaid by 55 percent, the Brooklyn VA developed a serious, multi-million dollar equipment backlog. Meaning that, partly because of antiquated equipment, we have been unable to hire a chief of radiology.

In addition, we cannot implement an implantable cardiac defibrillator program despite the obvious clinical need and the presence of a national expert on cardiac arrhythmias. Thus the virtual "straight lining" of the VA budget over the past several years has resulted in reduction of patient care, education and research at the Brooklyn VA.

I urge this subcommittee to appropriate a level of funding that will satisfy the VA's needs and preclude the necessity of mid-year supplemental funding. The $12.3 billion medical care appropriation contained in President Bush's fiscal year 1991 budget is encouraging. However, the President's request will not be sufficient to overcome previous shortfalls and cover the VA's annual payroll-related expenses. Our analysis shows that the VA will need $12.9 billion to maintain the fiscal year 1988 level of "current services."

Moreover, the President's fiscal year 1991 budget proposes a $14 million (or 7 percent) real cut from the fiscal year 1991 $212 million funding level. This proposal ignores the top quality research conducted by the DVA and fails to recognize the critical role the research program plays in recruitment and retention. Such a cut would have a dramatic, adverse impact on a program that involves a relatively small, but highly leveraged amount of money.

The AAMC joins over 100 other organizations in supporting the recommendations of the "Friends of VA Medical Care and Health Research." This proposal is a need-based analysis. For fiscal year 1991, the Friends of the VA determined, like the "Independent Budget," that $13.4 billion should be provided for VA medical care. $13.4 billion would enable the VA to fulfill its mandate of providing quality health care to eligible veterans.

For medical, prosthetic, rehabilitation, and health services research, the Friends of the VA recommend a total of $268 million. Between 1981 and 1989, the purchasing power of the VA research appropriation has been cut by nearly half. Further cuts, as proposed by President Bush's fiscal year 1991 budget, would lead to additional lost opportunities.

The AAMC appreciates this subcommittee's efforts to remedy the shortcomings of the administration's budget requests. In difficult years, including this year, your support has brought the VA badly needed funding increases and extremely critical supplemental appropriations. We appreciate the $50 million supplemental appropriations approved by this body; however, we encourage you to adopt the Senate's proposed $94 million supplemental to satisfy more adequately the current shortfall.

For fiscal year 1991, I encourage you to evaluate the needs and importance of the VA medical care and research accounts, reconsider the extent of previous funding deficiencies, and increase the appropriation level recommended by the administration.

Again, thank you for the opportunity to testify this afternoon.

Mrs. BOGGS. Thank you very much, Dr. Finberg. Mr. Green?

Mr. GREEN. I have no questions.

Mrs. BOGGS. Thank you so much, sir. We appreciate your testimony.

[The statement of Dr. Finberg follows:]

STATEMENT

OF THE

ASSOCIATION OF AMERICAN MEDICAL COLLEGES

on

Fiscal Year 1991
Department of Veterans Affairs
Medical Care and Health Research Appropriations

Presented to the
Subcommittee on VA-HUD-Independent Agencies
Committee on Appropriations
U. S. House of Representatives

Presented by

Laurence Finberg, M.D.
Dean
College of Medicine
State University of New York
Health Science Center at Brooklyn

Wednesday, May 2, 1990
2:25 p.m.
Room H-143, U. S. Capitol

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Good morning. I am Dr. Laurence Finberg, Dean of the College of Medicine of the State University of New York (SUNY) Health Science Center at Brooklyn. On behalf of my University and the Association of American Medical Colleges (AAMC), for whom I am testifying today, I wish to thank the Subcommittee for the opportunity to present our views on the funding needs of the Department of Veterans Affairs (DVA) medical care and research programs.

The AAMC serves as the national voice for the country's 126 medical schools, 92 professional academic societies, and 420 major teaching hospitals, including over 70 VA medical centers. Currently, 139 VA medical facilities are affiliated with 103 of the medical schools, illustrating the strong ties between the AAMC and member institutions with the VA. The AAMC understands the importance of the VA's medical care and health research programs to veterans as well as to the overall national health care delivery system.

The basis of VA medical center/medical school affiliation agreements is a model for public-private partnerships. Since the end of World War II medical schools and the VA have enjoyed a mutually beneficial relationship. Such arrangements have improved the quality of care provided to veterans and play a critical role in staffing VAMCs with outstanding health professionals. Nearly half of the nation's medical students spend a portion of their training in the VA system and 12 percent of all medical residency positions in this country are financed by the VA. Many of the physicians trained in the VA spend major portions of their careers in the system. Thus, affiliation agreements serve an indispensable function in recruitment. For example, 66 percent of the recipients of VA Career Development awards remained in the VA beyond ten years. In addition, academic affiliations stimulate the work environment and offer access to individuals and resources which promote high morale and staff retention. Affiliations agreements can be thought of as symbiotic relationships that simultaneously benefit the mission of the VA and the training of the nation's future health care providers.

The AAMC also recognizes the important role the VA plays in the national health care delivery system. As Committee members know, the VA operates 172 medical centers, 231 outpatient clinics, 117 nursing home care units, and 27 domiciliaries, making it the largest health system in the western world. Through this network, the VA provides access to care for millions of veterans in need of medical attention. In an era of rising costs of health care, growing numbers of uninsured Americans, and efforts to shrink the Federal budget deficit, public sector programs face increasing budget pressure and hospitals face increasing amounts of uncompensated care. Thus, the VA's role in providing access to health care has become dramatically more important. This comes at a time when the VA has also faced severe budget shortfalls.

In the immediate past, supplemental appropriations have been approved and creative balancing techniques have been employed to overcome funding shortfalls and enable the VA to meet program responsibilities. Nevertheless, over time fiscal constraints have stretched the VA beyond reasonable limits and forced reorganization, and, in some cases restriction, of services. The results of working with too limited resources have brought into play ethical and moral considerations, such as timeliness and access to care. Insufficient funding impairs the VA's ability to deliver quality health care services and also threatens the success of some affiliation agreements.

I would like to share with you some experiences and observations from the Brooklyn VAMC with which SUNY Brooklyn College of Medicine is affiliated. Please keep in mind that many of my colleagues across the country share similar concerns. While we in academic medicine often refer to support for research and education, the main underlying message relates to patient care. Simply put, VA hospitals suffer from a lack of resources necessary to provide reasonable quality, and sometimes quantity, of care to veterans. For the dean of a medical school this presents a serious two-pronged problem. First, I am concerned about the care veterans receive. Second, I am concerned about the setting where students are educated. In my professional opinion, lack of resources threatens to compromise each of these factors.

The Brooklyn VAMC is a three division medical center consisting of a 554 bed acute care hospital, a 300 bed long term care facility at St. Alban's and a free standing Ambulatory Care Treatment Center (Ryerson Street). In addition, both the Brooklyn VA Hospital and the St. Alban's Extended Care facility have active ambulatory care programs. Plans are currently underway to develop the St. Alban's Extended Care Center into a comprehensive rehabilitative center to complement its present role as a long term care geriatric center. All three divisions participate to a variable degree in the medical center's academic and training programs.

The Brooklyn VAMC is academically affiliated with the State University of New York Health Science Center at Brooklyn in the majority of clinical disciplines. Full integration, including combined residency programs, exist in Internal Medicine and all its subspecialties, General Surgery and the subspecialties of Orthopedics, Urology, Thoracic Surgery, Otolaryngology, Ophthalmology and Plastic Surgery, Anesthesiology, Dermatology, Pathology and Rehabilitation Medicine. Affiliation agreements involving education of students also exist in the areas of Psychiatry and Ambulatory Care Medicine and steady progress is being made toward forging integrated affiliations in the disciplines of Radiotherapy, Radiology and Neurology.

Currently, over 100 members of the medical and surgical staff at the Brooklyn VAMC have faculty appointments at SUNY/Brooklyn and provide instruction to approximately 250 rotating residents and 240 medical students per year.

The research program at Brooklyn VAMC has 19 clinician investigators and 16 Ph.D. scientists supported by $63000 in VA research Funds and over $900,000 in non-VA funds. In addition, 21 investigators are pursuing unfunded clinical research. Research projects include Hemoglobin Synthesis, Nutritional Anemias, Cancer Diagnosis and Treatment, Infectious Diseases including AIDS, Chronic Pulmonary Disease, Diabetes, Gastrointestinal Disease, Hyperalimentation, Pituitary Function, Thyroid Physiology, Mineral Metabolism, Metabolic Bone Disease, Renal Physiology and Renal Disease, Disease of the Biliary Tract, Psychological Testing, Repair of Fractures, Disease in the Aged and Substance Abuse.

In addition, the Brooklyn VAMC participates actively in the academic affairs of SUNY/Health Science Center Brooklyn contributing formally and informally through several interrelated recurring meetings. These include 1) the Dean's Committee which is composed of involved Departmental Chairmen, VA Service Chiefs, the Associate Chief of Staff/Education, the Hospital Director and the Chief of Staff which serves to coordinate and oversee the activities of the integrated residency programs; 2) the Committee of Clinical Associate Deans which is composed of representatives from all of the SUNY Health Science Center Brooklyn affiliated hospitals and is concerned with planning and development of coordinated graduate and undergraduate training throughout the SUNY Health Science Center Brooklyn system, and 3) through the Chief of Staff who also holds an appointment at SUNY Health Science Center Brooklyn as Associate Vice President for Clinical Affairs.

While we at SUNY at Brooklyn appreciate our VA affiliations and the role they play as a setting for medical education, we also bring to the VA health care professionals of the very high caliber. In addition, the University provides substantial support each year to the VA through factors such as subsidization of salaries.

It is paradoxical to note that budget "belt-tightening" is deteriorating the system at the same time as demand is on the rise. Data show a dramatic trend in the demographics of the veteran population; specifically, the veteran population is aging quickly. As the population ages, they require more care, more complex care, and more costly care. Second, we are entering an era where broad constraints on the nation's health care system have brought many veterans to the VA for care who previously did not rely on the system. The system could face an even more dramatic surge of new patients in the coming year as newly deactivated members of the Armed Services become eligible for VA care. The Administration's budget does not contain resources to address these increasing demands.

I cannot emphasize strongly enough the need to provide a level of appropriations for VA medical care that preclude the need for mid-year supplemental appropriations. You can well imagine the difficulty of operating any major organization, let alone a hospital, in the absence of clear budget forecasting. Funding that arrives late in the year does little to improve our ability to replace staff. Administrators can plan more effectively and patients can be served best by a well-balanced, year-long spending plan.

I urge this Subcommittee to appropriate a level of funding that will satisfy the VA's needs and preclude the necessity of mid-year supplemental funding. The $12.3 billion medical care appropriation contained in President Bush's FY-1991 proposed budget is encouraging. It acknowledges the need for substantially increased funding by providing a $1 billion increase over the FY-1990 appropriation. However, given the demands on and present status of the VA health care system, the President's request will not be sufficient to overcome previous shortfalls and cover the VA's annual payroll-related expenses. Infrastructure decay and increased waits for services will persist. Additionally, staff morale will continue to lag. At a time when professional health providers, particularly nurses and technicians, are in great demand and short supply, morale and funding constraints have thwarted the VA's efforts to recruit and retain committed and high quality professional staff.

Moreover, the President's FY-1991 budget proposes a $14 million (or 7 percent) real cut from the FY-1990 $212 million funding level. This proposal to reduce funding to $198 million ignores the top quality research conducted by the DVA and fails to recognize the critical role the research program plays in recruitment and retention. Such a cut would have a dramatic, adverse impact on a program that involves a relatively small, but highly leveraged amount of money.

The AAMC joins over 100 other medical, scientific, and voluntary health organizations in supporting the recommendations of the "Friends of VA Medical Care and Health Research." The Friends of the VA proposal is a need-based analysis of the DVA's medical care and research accounts. For FY-1991, The Friends of the VA determined, as did the four veterans service organizations that produced the "Independent Budget," that funding of $13.4 billion should be provided for VA medical care.

The $13.4 billion medical care appropriation proposed by the Friends of the VA would enable the VA to fulfill its mandate of providing quality health care to eligible veterans. For instance, funds would be available to fill long-vacant staff positions, depleted supplies would become a thing of the past, and out-dated equipment could be replaced. In addition, $13.4 billion would furnish the VA with some of the resources necessary to begin to adapt to the future needs of veterans. Specifically, excess hospital capacity could be converted to extended care services, more ambulatory services could be opened, and funds would be available for activation of newly-constructed facilities.

This funding level also recognizes the costs realized by the VA in treating AIDS patients. Last year, the VA treated seven percent of all the nation's AIDS patients, at a cost of $130 million. However, the VA was forced to use funds from the general medical care account to pay for AIDS care. The VA will continue to provide care for an increasing number of veterans afflicted with AIDS and ARC. I urge this Subcommittee to allocate to the VA a larger share of the general Federal funds designated for treatment of patients diagnosed with this tragic illness.

For medical, prosthetic, rehabilitation, and health services research, the Friends of the VA recommend a total of $268 million. Between 1981 and 1989, the purchasing power of the VA research appropriation has been cut by nearly half. This cut has resulted in the loss of promising innovations in medicine and health care delivery that could prolong and improve life. Further cuts, as proposed by President Bush's FY-1991 budget would lead to additional lost opportunities. Funding of $252.5 million would bring the VA research program back to the FY-1985 level of effort; an additional $15.5 million would allow the VA to concentrate on special research projects of importance to veterans, including alternatives to nursing home care, nerve regeneration, mental health, and AIDS.

The presence of research dollars offers veterans valuable opportunities to participate in studies that involve the latest medical therapies and technology. The long term benefits of such studies are enjoyed by veterans and the entire population. As I mentioned previously, the importance of research funding on recruitment and retention must not be overlooked. The chance to conduct research in a clinical setting attracts many outstanding physicians to the VA. Thus, research dollars can be described as well-invested dollars that reap considerable returns. To protect the benefits of research and the role research plays in the VA's mission, additional appropriations, well beyond President Bush's FY-1991 budget proposal, need to be provided.

In past years, the VA has been fortunate to receive a significant transfer of funds to the research account from the Department of Defense. I do not want my support for this transfer to be misunderstood. However, I believe it would ensure the future stability and security of the system to receive appropriate funding through its own budget line item, rather than to be forced to continue to rely on the DOD.

The AAMC appreciates this Subcommittee's past and continued efforts to remedy the shortcomings of the Administration's budget requests. In difficult years, including this year, your support has brought the VA badly needed funding increases and extremely critical supplemental appropriations. We appreciate the $50 million in supplemental appropriations approved by this body; however, we would encourage you to accept the $94 million supplemental approved by the Senate to satisfy more adequately the current budget shortfall. For FY-1991, I encourage you to evaluate the needs and importance of the VA medical care and research accounts, reconsider the extent of previous funding deficiencies, and increase the appropriation level recommended by the Administration. Again, thank you for the opportunity to testify this afternoon. I will be happy to respond to any questions.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESS

CHRISTOPHER SAUDEK, M.D., AMERICAN DIABETES ASSOCIATION

Mrs. **BOGGS**. Next is Dr. Christopher Saudek, a professor at the American Diabetes Association.

Dr. **SAUDEK**. Mr. Chairman, my name is Chris Saudek, I am associate professor of medicine at the Johns Hopkins University School of Medicine, and a long-time volunteer and former chairman of the government relations committee for the American Diabetes Association. I am also a former Robert Wood Johnson Health Policy Fellow.

The American Diabetes Association is the nation's largest voluntary health agency, serving the health care and medical research interests of nearly 12 million individuals with diabetes. The ADA is composed of 56 state affiliate associations, 800 local chapters, and over 220,000 lay and professional members. It is a pleasure to have this opportunity to testify before you today on behalf of the Veterans' Affairs research and health care budgets.

Diabetes is a disease in which the body does not produce or respond to insulin, a hormone needed for daily life. There are essentially two types of diabetes. Type I, or insulin-dependent diabetes, affects 1 million Americans and usually strikes children or adolescents. This type of diabetes requires one or more daily injections of insulin to sustain life.

Type II, or non-insulin-dependent diabetes, affects approximately 11 million people in the United States, and usually occurs in adults over the age of 40. It may or may not require insulin for treatment.

Diabetes is a particular problem among the veteran population, and it is especially prevalent among VA patients. ADA has long recognized the uniquely valuable ability of the VA to coordinate diabetes research at numerous sites around the country. With their patient population and the research and training program, VA facilities are in a position to make significant contributions toward the improvement of care for individuals with diabetes.

In 1986 alone, diabetes accounted for almost 150,000 diagnoses within the VA system. Over the next 10 to 20 years, it is projected that 16 million veterans will be at risk.

The VA is at the forefront in translating the latest advances in medical research to improve care for patients with diabetes. Roslyn Yalow, M.D., Chief of Nuclear Medicine at the Bronx VA Medical Center, received the Nobel Prize for her work in developing techniques for insulin immunoassay.

The ADA has for a number of years maintained a close and successful relationship with the VA. In fact, many of the ADA volunteer leaders, including three of the four past presidents, work full-time at VA medical centers and are principal investigators in VA research grants.

The medical research programs conducted by the VA bolster the quality of care provided to American veterans. VA medical research has a well-founded reputation for excellence in meeting the health care needs of veterans and the general population alike. All Americans can benefit from the new treatment approaches and delivery modalities developed by VA investigators. It is vital to restore and maintain able funding for the research program of the VA. Only adequate funding will allow research to continue to improve the quality of care provided to the veterans and to all Americans.

The VA is conducting some very important research in the area of diabetes. We are particularly supportive of a major VA cooperative study examining the control of blood glucose and complications in noninsulin diabetes. An ancillary study being proposed with which I am personally involved would utilize implanted insulin pumps in the treatment of insulin-requiring Type II diabetes. We believe that these studies will provide critical information for our research for better treatments and ultimately a cure for diabetes.

To help restore the level of effort in VA medical research programs, the ADA joins the Friends of VA in urging Congress to appropriate a total of $268 million.

The VA must continue and improve its efforts. Because the great majority of VA patients with diabetes have Type II diabetes, the VA should focus intensely at programs directed toward the Type II patient. Throughout its history the VA has conducted such programs to facilitate more effective diabetes prevention and treatment, as well as to understand better the natural history of the disease and its complications.

Intensive diabetes care programs which include a comprehensive educational component result in improved patient care and cost savings, for example, a decrease in the incidence of acute complications, reductions in the rate of hospitalization, length of stay and decrease in lower extremity amputations.

In 1987 the VA Diabetes Advisory Group recommended that VA Diabetes Education and Care Centers be established. These centers would represent a commitment by the VA medical centers to provide the latest in diabetes care, education, and clinical research. In addition to patient care and education, diabetes education and care centers would act as laboratories for clinical investigation to improve the long-term effectiveness of care for individuals with diabetes.

The ADA recommends additional appropriations of $2.3 million in fiscal year 1991 for first-year funding of the VA Diabetes Education and Care Centers.

We again join the friends of the VA in supporting an appropriation for VA medical care programs of $13.44 billion for fiscal year 1991. This recommended funding level would enable the VA to meet personnel costs as well as begin to restore programs damaged by cost shifting.

In conclusion, there is undisputed evidence that veterans, persons with diabetes and the American public in general have in the past received tremendous benefits from the VA medical care and medical research programs. We applaud the subcommittee for consistently supporting this work, and urge its continued support for the important research and health care activities of the Veterans' Administration.

Thank you, Mr. Chairman.

Mr. **Traxler**. Well, thank you, Doctor, and we really appreciate your appearing here on behalf of the American Diabetes Association.

Mr. Green.

Mr. **Green**. No questions.

[The statement of Dr. Saudek follows:]

American Diabetes Association.
1940 1990
National Service Center 1660 Duke Street Alexandria, Virginia 22314 (703) 549-1500 Telex: 901132 Fax: (703) 836-7439

STATEMENT

of the

AMERICAN DIABETES ASSOCIATION

on

FISCAL YEAR 1991 APPROPRIATIONS

for the

HEALTH RESEARCH AND MEDICAL CARE PROGRAMS

of the

VETERANS ADMINISTRATION

Subcommittee on HUD-Independent Agencies
Committee on Appropriations
U.S. House of Representatives

May 2, 1990

Presented by
Christopher Saudek, M.D.
Associate Professor of Medicine
Johns Hopkins University

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Mr. Chairman, I am Christopher Saudek, M.D., Associate Professor of Medicine in the Division of Endocrinology at Johns Hopkins University and a long-time volunteer and former Chair of the Government Relations Committee for the American Diabetes Association (ADA).

The Association is the nation's largest voluntary health agency serving the health-care and medical research interests of nearly 12 million individuals with diabetes. The ADA is comprised of 56 state affiliate associations, 800 local chapters, and over 220,000 lay and professional members. It is a pleasure to have this opportunity to testify before you today on behalf of the Veterans Administration (VA) research and health-care budgets.

Diabetes is a disease in which the body does not produce or respond to insulin, a hormone needed for daily life. There are essentially two types of diabetes. Type I, or insulin-dependent diabetes, affects about 1 million people in the United States and usually strikes children or adolescents. This type of diabetes results from the complete destruction of the insulin-producing cells in the pancreas and requires one or more daily injections of insulin to sustain life. Type II, or non-insulin-dependent diabetes, affects approximately 11 million people in the United States and usually occurs in adults over the age of 40. This type of diabetes may or may not require insulin for treatment.

The VA System and Its Contribution to Diabetes Health Care and Research

Diabetes is a particular problem among the veteran population and is especially prevalent among VA patients. The ADA has long recognized the uniquely valuable ability of the VA to coordinate diabetes research on a diverse array of patients at numerous sites around the country. With their patient populations and their research and training programs, VA facilities are in a unique position to make significant contributions toward the improvement of care for individuals with diabetes. In 1986 alone, diabetes accounted for almost 150,000 diagnoses within the VA system. Over the next 10 to 20 years it is projected that another 16 million veterans will be at risk.

The VA is at the forefront in attempting to translate the latest advances in medical research to improve care of patients with diabetes. Roslyn Yalow, M.D., Chief of Nuclear Medicine at the Bronx VA Medical Center, received a Nobel Prize for her work in developing techniques in insulin immunoassay, which represents a tremendous breakthrough in understanding the process by which cells secrete insulin.

The ADA has, for a number of years, maintained a close and successful working relationship with the VA; in fact, a significant number of ADA's volunteer leaders work at VA Medical Centers or are principal investigators in VA research grants nationwide.

Medical and Prosthetic Research

The medical research programs conducted by the VA augment and bolster the quality of health care provided to America's veterans. VA medical research has a well-founded reputation for uncompromising excellence in meeting the health-care needs of veterans and the general population alike. All Americans stand to benefit from new treatment approaches and delivery modalities developed by VA investigators. It is vital to restore and maintain stable funding for the research program at the VA. Adequate funding will allow research to continue to improve the quality of care provided not only to veterans but to all Americans.

In particular, the VA is conducting some very important research in the area of diabetes. We are particularly supportive of the VA Cooperative Study (#344): Glycemic Control and Complications in Non-Insulin-Dependent Diabetes Mellitus. An ancillary study being proposed would utilize implantable insulin pumps in the treatment of insulin-dependent diabetes. We believe both of these studies will provide critical information in our search for better treatments and a cure for diabetes.

To help restore the level of effort in VA medical research programs, the ADA joins the Friends of VA* in urging Congress to appropriate a total of $268 million.

H.R. 4390: The bill H.R. 4390 introduced by the House Committee on Veterans Affairs would establish research centers at qualifying medical schools to carry out medical research in areas of interest to the Department of Veterans Affairs. Nine research areas are specified in the bill including the study of diabetes and metabolic diseases. The bill would authorize the sum of $50 million for each of the fiscal years 1991 through 1994.

Although the bill may require some revision before passage, ADA heartily applauds the introduction of this bill by the House Committee on Veterans Affairs. Every American will benefit from expanded research at the VA.

The VA Must Continue and Improve its Efforts

Because the great majority of VA patients with diabetes have Type II diabetes, the VA should focus intensely upon research, training, and education programs directed at the Type II patient. Throughout its history, the VA has conducted extensive research, training, and education programs to facilitate more effective diabetes prevention and treatment, as well as a better understanding of the natural history of the disease and the factors associated with its complications.

Intensive diabetes care programs which include a comprehensive educational component result in improved patient care and cost savings, for example, a decrease in the incidence of acute diabetes emergencies, a reduction in the rate of hospitalizations and the length of hospital stays, a decrease in lower extremity amputations, and improvement of the management of diabetes.

In 1987, the VA Diabetes Advisory Group recommended that VA Diabetes Education and Care Centers (VADECC) be established. The VADECCs would stand as a commitment by medical centers to provide a structure for the latest in diabetes care, education, and clinical research. In addition to patient care and education, the VADECCs would act as laboratories for clinical investigation and for developing systems to improve the long-term effectiveness of care for individuals with diabetes.

ADA recommends an initial appropriation of $2.5 million in FY 1991 for first-year funding of seven VADECCs.

Medical Care

We again join the Friends of VA* in supporting an appropriation for VA medical care programs of $13.44 billion for FY 1991. This recommended funding level would enable the VA to adequately meet personnel costs as well as begin to restore programs damaged by cost-shifting.

In conclusion, there is undisputed evidence that veterans, persons with diabetes, and the American public in general have received tremendous benefits from the VA medical care and medical research programs. We applaud the Subcommittee for consistently recognizing this fact and urge its continued support for the important research and health-care activities of the VA.

*The Friends of VA Medical Care and Health Research is a diverse coalition of approximately 100 organizations dedicated to maintaining the high quality of the VA medical system. Now in its third year, the Friends of VA offers specific funding recommendations for VA medical care and health research programs.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESS

RAYMOND WOOSLEY, M.D., AMERICAN HEART ASSOCIATION

Mr. TRAXLER. We would like to welcome Dr. Raymond Woosley from the American Heart Association.

Dr. WOOSLEY. Mr. Chairman, ladies and gentlemen, I am Raymond Woosley, professor and chairman, Department of Pharmacology at Georgetown University Medical Center, and for the American Heart Association, chairman of the Cardiovascular Drugs Committee. I am pleased to offer AHA's comments and funding recommendation for the VA's Medical Research Service program.

Cardiovascular diseases, including stroke, remain America's number one killer, claiming nearly one million lives each year—a death occurs every 32 seconds. More than one in four Americans suffer some form of cardiovascular disease at an estimated cost in 1990 of $94.5 billion in direct medical expenses and lost productivity.

However, we are making progress against these diseases. From 1977 to 1988, the age-adjusted death rate from heart attack fell by 30.9 percent and that from stroke declined by 37.3 percent.

The VA Medical Research Service [MRS) program, and in particular its cardiovascular research support, makes up a small portion of the overall VA budget; however, we believe that it deserves the strong support of both the AHA and Congress.

VA cardiovascular research is largely clinical in nature. in fact, the VA is a major contributor to this Nation's clinical research. Thus, the VA assumes a unique role in the research community because of its ability to immediately translate basic research findings into clinical practice.

The fiscal year 1991 budget proposes $165.459 million for the VA MRS, a 9-percent decrease from the fiscal year 1990 appropriation. The President's request represents a decrease from the fiscal year 1990 appropriation of $16.275 million and 355 FTE.

Proposed reductions in the budget affect all components of the MRS program of interest to the AHA.

Investigator-initiated studies. This program constitutes 75 percent of the MRS budget. Under the President's budget, it would receive a 14 percent decrease in funding and a reduction of 338 FTE, resulting in a loss of 325 programs.

Cooperative studies program. These studies, unique to the VA, provide a mechanism in which research on the effectiveness of diagnostic or therapeutic techniques can achieve statistically significant results by pooling data on patients from a number of VA hospitals. Many landmark cardiovascular clinical trials have been supported under this program, including studies in hypertension treatment and coronary artery bypass surgery. Under the President's budget, this mechanism would receive a 3.09 decrease.

Career development awards. The President's budget proposes to decrease these awards by 6.88 percent and 11 FTE. If this budget were enacted, an estimated 75 programs would be completed without replacements.

The President's proposed level of funding for the VA's Medical Research Service program is unacceptable and unrealistic. The AHA recommends a fiscal year 1991 appropriation of $219 million, an increase of 20.5 percent over the fiscal year 1990 level for the biomedical research activities of the VA. This suggested appropriation would only restore the MRS program to its fiscal year 1985 level of effort and is consistent with that of the "Friends of VA Medical Care and Health Research."

Today's investment in biomedical research will lead to future returns, including further decreases in death rates from heart attack and stroke, reduced Federal outlays for hospitals and long-term care expenses, a well-trained cadre of biomedical researchers, and a more healthy and productive society. A 20.5 percent increase in funds for VA biomedical research would continue current cardiovascular research momentum and help maintain the VA's vital role in the overall scientific effort in this field.

Thank you. I will be happy to answer any questions.

Mr. TRAXLER. Thank you very much, Doctor, for that fine presentation.

Mr. Green.

Mr. GREEN. Obviously the National Institutes of Health also have a major cardiovascular program. What do you see as the role of the VA in this; how are the two integrated so that we know we are not duplicating research, and are working together?

Dr. WOOSLEY. I think the experience of the past indicates that they have worked very well together. The VA concentrating predominantly on clinical trials, large multi-scale clinical trials. It is interesting that for 50 years probably we treated hypertension, but until the VA did a trial, we didn't know if it made any difference or not. And until the VA did a trial on the treatment of heart failure, we didn't know if we were really improving the outcome of patients with heart failure, and we didn't know what drugs to use or how to use them.

So I think they dovetail nicely. NIH gives us the basic science on which the VA derives and designs their clinical trials.

Mr. GREEN. Of course there has been some criticism that clinical trials tend to ignore women, and yet you have got in the VA an overwhelmingly male population. Is that a problem?

Dr. WOOSLEY. There are some illnesses that predominantly strike men, and heart disease is an excellent example, and many of the trials that NIH would like to do they simply can't do in practice because they don't have the VA-type population, the male, elderly male population, so it plays a very unique and vital role in our entire research effort.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. TRAXLER. Mrs. Boggs.

Mrs. **Boggs**. One day, Mr. Chairman—Dr. Michael DuBagy took this special trip to Washington just for the afternoon to come here to remind us of the success that VA has had throughout the years, and in the various types of research and the ensuing treatment that was developed because of it. And so I think you are in that same splendid mode and I thank you for appearing before us.

Dr. **Woosley**. Thank you for listening.

[The statement of Dr. Woosley follows:]

1250 Connecticut Avenue Northwest Suite 380 Washington, D.C. 20036 202 822 9380 FAX 202 822 9883

American Heart Association
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Dedicated to the reduction of disability and death from cardiovascular diseases and stroke.

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AMERICAN HEART ASSOCIATION

Statement

Presented by

Raymond L. Woosley, M.D., Ph.D.

Chairman

Cardiovascular Drugs Committee

On

FY 1991 Funding for the
Department of Veterans Affairs Medical Research Service Program

before the

Appropriations Subcommittee on VA, HUD, and Independent Agencies
United States House of Representatives

The Honorable Bob Traxler, Chairman

May 2, 1990

Good afternoon Mr. Chairman and Members of the Subcommittee, I am Raymond Woosely, M.D., Ph.D., professor and chairman, Department of Pharmacology at Georgetown University Medical Center, and for the American Heart Association, chairman of the Cardiovascular Drugs Committee. I appear today on behalf of the American Heart Association (AHA), our 56 affiliates and over 2.7 million volunteers. It is my pleasure to offer the AHA's comments and FY 1991 funding recommendation for the Department of Veterans Affairs' Medical Research Service (MRS) program.

The AHA is the only voluntary agency in the United States devoting all of its human and financial resources to one goal: the reduction of disability and death from cardiovascular diseases, including heart attack, stroke, and other blood vessel diseases. In reaching this end, we work closely with related Federal research, education, and prevention programs.

Cardiovascular diseases hold the deadly distinction of being America's number one killer -- a death occurs every 32 seconds. Each year, heart and blood vessel diseases kill nearly one million Americans, almost as many as cancer, accidents, pneumonia, influenza, and all other causes of death combined. Currently, more than one in four Americans suffer some form of cardiovascular disease. About 61 million Americans experience high blood pressure, approximately 5 million suffer from coronary heart disease, over 2 million endure rheumatic heart disease, and more than 2 million have survived a stroke.

Make no mistake, cancer, and other diseases are a real threat, but they must be kept in perspective. In 1987, about 477,000 Americans died of cancer. In that same year, more than 13,000 Americans died of AIDS. These deaths are tragic, but the tragedy is compounded if Americans focus on these diseases at the expense of one that claims more than twice as many victims. Cardiovascular diseases are killers.

In 1990, the total economic costs associated with cardiovascular diseases are estimated to be $94.5 billion in direct medical expenses and lost productivity. However, there is encouraging evidence that we are making progress against these diseases. From 1977 to 1988, the age-adjusted death rate from heart attack fell by 30.9 percent and that from stroke declined by 37.3 percent. Also, the age-adjusted death rates from rheumatic fever, congenital heart disease, and hypertensive disease continue to decline.

This downward trend is directly related to the increased focus on the prevention of cardiovascular diseases by controlling risk factors, remarkable research breakthroughs, and to the translation of these important findings into clinical practice. These research advances not only save lives but also improve medical treatment of patients with cardiovascular diseases.

The AHA places its major emphasis on disease prevention, investing heavily in scientific research. Since 1949, we have invested more then $823 million in research. The size of this financial commitment makes the AHA second only to the federally sponsored National Heart, Lung, and Blood Institute (NHLBI) in the amount contributed to cardiovascular research. However, the battle against cardiovascular diseases depends on the level and quality of overall support of basic and clinical research and prevention efforts. Although we continue to devote a larger portion of our resources for research, AHA cannot win this fight alone. Sufficient funds for federal biomedical research are critical. Unfortunately, the Administration has proposed a significant reduction in funding for the VA Medical Research Service program.

The Department of Veterans Affair's Medical Research Service (MRS) program, and in particular its cardiovascular research support, makes up a small portion of the overall VA budget; however, we believe that it deserves the strong support of both the AHA and the Congress. In FY 1990, the MRS expended about $21.5 million or 11 percent of its budget on cardiovascular research. Although the mission of the VA health care system is the provision of high quality medical care to the veteran patient, its research constitutes a significant part of this Nation's total biomedical research system. Discoveries from VA-supported research benefit science and this world's health as a whole.

Each year, a number of the VA's 2,400 investigators, at its 132 VA Medical Centers across the United States have been honored with national and international awards. In the last few years, several VA investigators have been acknowledged for their work in the area of cardiovascular research. In 1986 the AHA honored Dr. Brian B. Hoffman, an investigator at the Palo Alto VA Medical Center, with our prestigious Established Investigator Award for work on regulation of blood vessels to adrenaline and noradrenaline, which dramatically effect the heart and circulation. Dr. Aaron J. Marcus, with the New York City VA Medical Center, received the VA's annual 1987 Middleton Award for his pioneering status of the mechanisms of blood clotting and intravascular thrombosis. In addition, he studied natural inhibitors of clotting in the treatment of stroke and coronary artery disease. Also, in 1987, Dr. Daniel O'Connor, of the San Diego VA Medical Center, was awarded the AHA's Harry Goldblatt Award for his achievements in the field of hypertension research. Dr. John Sterling Meyer, with the Houston VA Medical Center, received Japan's 1988 Mihara Award for basic and clinical research in cerebrovascular disorders.

The FY 1991 budget proposes $165.459 million for the VA MRS, a 9 percent decrease from the FY 1990 appropriation of $181.734 million. The President's request represents a decrease from the FY 1990 appropriation of $16.275 million and 355 FTE. Compared to a FY 1991 current services budget of approximately $187.800 million, the proposed reduction for the MRS program is 12.2 percent. For the past three years the Department of Defense (DOD) supported collaborative research projects with the VA MRS. Without DOD resources in FY 1991, the total decrease from the MRS program's FY 1990 appropriation will be $29.6 million or a 14.2 percent reduction. This proposed fluctuation in resources has created considerable uncertainty within the VA medical centers, making planning extremely difficult.

These recommended reductions are short-sighted because VA cardiovascular research represents an integral part of the overall scientific effort in this field. In FY 1988, diseases of the circulatory system represented over 16 percent of the primary inpatient discharges at VA medical centers. Moreover, these proposed cuts will have a negative impact on the entire VA's Medical Research Service program.

Also, the proposed decrease in research personnel will have a negative impact on the VA's ability to administer and maintain a quality staff for its biomedical research program. Suggested reductions will be especially severe in the MRS program, which is slated to receive a disproportionate number of the overall proposed cuts. To administer and oversee a successful research program, the VA must maintain necessary and proper resources to accomplish its mission. The AHA recommends that this Subcommittee increase funding for research personnel so the VA MRS can sustain FY 1990 program levels.

Moreover, recommended cuts in research personnel are short-sighted in light of the VA's requirement to prepare for future needs of veterans. VA's planning models recognize that its aging patient population demands more care. By the year 2000 the percentage of veterans over age 65 will be about three times that of the general population, 37 percent and 13 percent, respectively.

Proposed reductions in the President's budget affect all components of the MRS program of interest to the AHA:

- Investigator - Initiated Studies: This program supports 1,375 investigators and constitutes 75 percent of the MRS budget. Under the President's budget, investigator-initiated studies would receive a 14 percent decrease in funding and a reduction of 338 FTE, resulting in a loss of 325 programs. These investigators comprise the core of all VA research and provide the preceptorship for the career development awardees. Decreasing the number of these investigators, as recommended in the budget, would adversely affect the infrastructure of the entire VA MRS program.

- Cooperative Studies Program: Currently, this program supports 29 clinical trials. These studies, unique to the VA, provide a mechanism in which research on the effectiveness of diagnostic or therapeutic techniques can achieve statistically significant results by pooling data on patients from a number of VA hospitals. Many landmark clinical trials in the cardiovascular field have been supported under this program, including studies in hypertension treatment and coronary artery bypass surgery. Under the President's budget, this mechanism would receive a 3.09 decrease.

- Career Development Awards: This program supports approximately 250 clinical scientists who spend the majority of their efforts on medical research. Under this highly competitive program only 35-40 percent of the approved applications can be funded. The President's budget proposes to decrease career development awards by 6.88 percent and 11 FTE. If this budget were enacted, in FY 1991, an estimated 75 programs would be completed without replacements.

Examples of cardiovascular research funded by the VA follow.

- Study on how the short-term control of coronary vascular tone is mediated. Comprehension of this process will clarify alterations of blood flow that occur in abnormal states within the heart.

- Research on the changes in the secretion of the hormone atrial natriuretic factor (ANF) in experimental heart failure. The goal of this study is to develop information about short and long-term hormonally mediated compensation during heart failure.

- Probe of the ability of the nervous system to control cardiac activity. This investigation will provide information about changes in blood vessel control as blood pressure fluctuates.

- Evaluation of the effects of calcium channel blocker drugs on platelet clumping. Calcium channel blockers stimulate platelet clumping at low concentrations and inhibit this activity at high concentrations. These findings will help to clarify the value of these newer pharmacological agents in the treatment of cardiovascular disease.

- Investigation of cardiac muscle hypertrophy (increased muscle mass). A complete understanding of this process could eventually lead to new therapies for cardiac muscle loss..

The VA cardiovascular research is largely clinical in nature. In fact, the VA is a major contributor to this Nation's clinical research. Thus, the VA assumes a unique role in the research community because of its ability to immediately translate basic research findings into the clinical practice setting.

The President's proposed level of funding for the VA's Medical Research Service program is unacceptable and unrealistic. While the AHA appreciates the need for fiscal restraint, we are concerned about the long-range effects on this Nation's health if biomedical research funds are cut in FY 1991. Therefore, for the VA's Medical Research Service program, the AHA recommends a FY 1991 appropriation of $219 million, an increase of 20.5 percent over the FY 1990 level for the biomedical research activities of the VA. An appropriation of $219 million would only restore the MRS program to its FY 1985 level of effort. Our funding recommendation for the VA MRS program is consistent with that of the "Friends of VA Medical Care and Health Research."

Specifically, an appropriation of $219 million for the VA MRS program would support 26 cooperative studies and 1,840 projects, leaving many promising approved research grant applications unfunded. These figures represent the same numbers funded in FY 1985. The AHA-recommended appropriation also would fund 240 career development awards, 13 more than were supported in FY 1985.

The American Heart Association (AHA) firmly believes that today's investment in biomedical research will lead to future returns--further decreases in death rates from heart attack and stroke, reduced federal outlays for hospital and long-term care expenses, a well-trained cadre of biomedical researchers, and a more healthy and productive society. A 20.5 percent increase in funds for VA research would continue current cardiovascular research momentum and help to maintain the VA's vital role in the overall scientific effort in this field.

Thank you for this opportunity to appear before your Subcommittee and I will be happy to answer any questions.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESS

SAMUEL J. WALSH, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. **TRAXLER.** Samuel Walsh. You may proceed.

Mr. **WALSH.** Mr. Chairman and Members of the subcommittee, the American Legion appreciates this opportunity to present its views on the budget for veterans' benefits and services for fiscal year 1991.

Today, the real needs of the Department of Veterans Affairs are increasing on all fronts. The aging of the veteran population is reflected in the increased demand for both acute and extended health care services. Specialty care services, such as treatment for AIDS, substance abuse, post-traumatic stress disorder and the implementation of the homeless chronically mentally ill program, continue to grow.

From a purely budgetary perspective, VA medical care delivery and other services have been a model of fiscal restraint. Since 1980, the annual allocation of Federal funds to VA has increased just 38 percent, while the total Federal budgetary obligation has grown by 130 percent. The American Legion will only request an amount of funding for veterans programs which we believe is truly required—no more, no less.

Mr. Chairman, the proposed VA budget for fiscal year 1991 calls for $30.8 billion in budget authority and $30.1 billion in budget outlays. On the surface, the proposed level appears to represent a substantial increase over fiscal year 1990. However, when considering the effect of sequestration under the Gramm-Rudman-Hollings Act on current funding, and the backlogs in delayed purchases of new and replacement equipment in the medical care program and national cemetery system, there will be little real increase in funds to operate the Department of Veterans Affairs.

For example, the composition of the proposed $901 million increase for VA medical care in fiscal year 1991 includes inflationary and normal payroll increases totaling $685.5 million.

Another $228.1 million is to be spent for currently scheduled and past due activations. When the medical care budget proposal for fiscal year 1991 is closely examined, the increases will not be sufficient to restore reduced employment levels, increase the inventory of new and replacement equipment, restore the provision of medical services to the so-called discretionary care veterans, and provide the necessary environment to maintain academic excellence between VA and its affiliated medical schools.

Historically, VA medical and rehabilitation research efforts have benefited not only veterans, but mankind as a whole. In the area of applied prosthetics research, VA-developed techniques are now the standard throughout most of the world. In order for VA to continue to pioneer advances in all related medical research endeavors, the recent erosion in VA research buying-power, brought about by inflationary pressure and essentially non-adjusted budgets, must be restored.

We believe a more appropriate funding level for VA medical care programs for fiscal year 1991 would be in the neighborhood of $13 billion. This would allow the system to begin to reverse the erosion of quality medical care and research endeavors which have long been a hallmark of the VA.

Of equal concern, Mr. Chairman, is the steady erosion of the timely delivery of traditional benefits such as disability compensation and educational assistance. Benefit delivery delays in these programs have grown steadily in recent years. We believe that instead of reducing employment levels, adding FTE in the Veterans Benefit Administration field operations would be a positive first step toward reducing the consistent and persistent erosion of services witnessed over the past decade.

The American Legion understands the difficulty of the budgetary decisions facing this subcommittee. We are convinced that as you seek the greatest return on the expenditure of Federal dollars you will not find a better bargain than the Department of Veterans Affairs.

Mr. Chairman, that concludes our statement.

Mr. **Traxler**. It was certainly brief. But you got it. We welcome that testimony. We are pleased that you made a very thoughtful analysis of what the budget contains.

The members of this subcommittee and with the support of the entire House I might add, I don't know of a program that is as popular as the VA Medical Act. Yet we don't seem quite to be able to do enough.

It is sort of embarrassing for us.

Mr. **Walsh**. You have done a lot for the veterans. With your help we are optimistic.

Mr. **Green**. I think one of the problems is that there is a belief quite mistaken that somehow across the board cuts maintain priorities. I think they plainly don't and that was never better illustrated than what happened to this committee last year.

The operating subsidy for public housing, first we had the effect of the drug slice and then of the partial sequestration. It meant that those accounts which we would have accounts for previously in order to keep them equally funded were not fully funded. I hope the powers that will be understand that across-the-board does not maintain priorities that have been set.

Mr. **Traxler**. Indeed. Mrs. Boggs.

Mrs. **Boggs**. Thank you very much for your testimony. I have no questions.

[The statement of Mr. Walsh follows:]

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

SAMUEL J. WALSH, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

on

FY 1991 APPROPRIATIONS FOR THE DEPARTMENT OF VETERANS AFFAIRS

May 2, 1990

MAY 2, 1990

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates this opportunity to present its views on the Administration's proposed budget for Function 700 (Veterans Benefits and Services), for FY 1991. We recognize this Subcommittee's longstanding commitment to America's veterans, which is visible in the manner that funding for veterans programs and services has been provided in recent years. So long as the true needs of America's veterans are accurately portrayed, this Subcommittee has complied with increased funding levels to meet those challenges.

Veterans take pride in their service to this country, Mr. Chairman, and in the main utilize the programs of VA within the parameters of the laws set forth by Congress. We do not believe veterans abuse the benefits and services provided by VA, but rather, they attempt to take advantage of the benefits provided by a grateful nation.

Today, the real needs of the Department of Veterans Affairs are increasing on all fronts. The aging of the veteran population is reflected in the increased demand for both acute and extended health care services. Specialty care services, such as treatment for AIDS, substance abuse, Post-Traumatic Stress Disorder, and the implementation of the Homeless Chronically Mental Ill program are all extremely important. In fact, without these VA programs, society's burden would be that much greater.

The three major components of VA, which include the Veterans Health Services and Research Administration (VHS/RA), Veterans Benefits Administration (VBA), and the National Cemetery System (NCS), are experiencing increased workload demands. We believe, Mr. Chairman, that these legitimate workload increases must be met with commensurate levels of funding. We also are of the opinion that VA must provide its services in the most efficient, effective, timely, and economical manner possible, while simultaneously maintaining a high quality of care. It is within this overall philosophy that we shall now comment on the proposed FY 1991 budget.

Mr. Chairman, as you are aware, the proposed budget set forth for VA by the Administration for FY 1991, requests \$30.8 billion in budget authority and \$30.1 billion in budget outlays. The following information reflects the total FY 1991 Function 700 distribution in outlays:

	Difference from FY 1990
Benefit programs - \$16.2 billion	+ 938 million
Medical programs - \$12.3 billion	+ 901 million
Construction programs - \$694 million	+ 145 million
General Operating Expenses - \$926 million (including National Cemetery System)	+ 23 million

After a deduction for offsetting receipts (Function 902), the total FY 1991 budget outlays proposed for VA amounts to $29.1 billion. This amount represents an increase of $1.4 billion over FY 1990 current services funding.

On the surface, Mr. Chairman, the proposed funding level for FY 1991 appears to represent a substantial increase over FY 1990. However, when considering the effect of sequestration under the Gramm-Rudman-Hollings Act on current funding, and the backlogs in delayed purchases of new and replacement equipment in the medical care program and National Cemetery System, it appears there will be little real increase in funds to operate the Department of Veterans Affairs.

For example, the composition of the proposed $901 million increase for VA medical care in FY 1991, includes inflationary and normal payroll increases totaling $685.5 million. There are additional offsets of $64.8 million, including $19.8 million for FY 1990 nonrecurring ADP equipment, $15.2 million in savings ascribed to the new telecommunications system (FTS 2000), $25 million in anticipated procurement savings, and $4.8 million due to other miscellaneous reductions.

The "real dollar" increases, however, only total $280.7 million. This includes $228.1 million for currently scheduled and past due activations, $13.4 million for state home and contract hospital workload increases, $5.4 million for additional real property leases, and $33.8 million to hire additional nursing personnel and begin an assessment of the benefits of eliminating rotating tours for nurses.

Mr. Chairman, when the medical care budget proposal for FY 1991 is closely examined, we do not view "real dollar" increases of $280.7 million as sufficient to begin to restore reduced employment levels, increase the inventory of new and replacement equipment, restore the provision of medical services to the so-called discretionary care veterans, and provide the necessary environment to maintain academic excellence between VA and it affiliated medical schools.

VA-supported medical research programs must be funded at levels sufficient enough to reflect increased technology and personnel costs. Historically, VA medical and rehabilitation research efforts have benefited not only veterans, but mankind as a whole. In the area of applied prosthetics research, VA developed techniques are now the standard throughout most of the world.

In order for VA to continue to pioneer advances in all related medical research endeavors, the recent erosion in VA research buying-power, brought about by inflationary pressure and essentially non-adjusted budgets must be restored.

We believe a more appropriate funding level for VA medical care programs for FY 1991 would be in the neighborhood for $13 billion. This would allow the system to begin to reverse the erosion of quality medical care and research endeavors which have long been a hallmark of VA.

Mr. Chairman, a recent VA Capital Facilities Study documented that 69 of 132 VA medical facilities built before 1970 received a fair, poor or failing rating of their physical condition. According to Department officials, these ratings indicate that major construction projects affecting key physical plant systems will be required in the next five years. Additionally, over half of VA's medical facilities are over 30 years old. The American Legion believes both acute and long-term care requirements of the VA medical care system must be met in appropriate physical plant environments. While we view the major construction request of $530 million for FY 1991 to be acceptable, we believe the minor construction account must accommodate the requested amount of $145.6 million and also make provision for the additional conversion of underutilized acute care beds to long-term extended care.

Of equal concern, Mr. Chairman, is the steady erosion of the timely delivery of traditional benefits such as disability compensation and educational assistance. Benefit delivery delays in these programs have grown steadily in recent years. We are convinced that this development is the direct result of continued personnel cuts, principally at VA's network of 58 regional offices, that have systematically reduced the employee level from almost 19,000 in 1978 to the current total of 12,600. Another 266 full time equivalent employee (FTEE) positions are recommended for elimination in the Administration's budget plan for FY 1991. We believe that instead of reducing employment levels, adding FTEE in VBA field operations would be a positive first step toward reducing the consistent and persistent erosion of services witnessed over the past decade.

Mr. Chairman, the budget priorities of VA must also include the aging veterans, substance abuse treatment, PTSD and AIDS treatment, research and education, patient environment, and many other worthwhile programs. The benefits delivery system must be funded adequately to ensure timeliness and accuracy in benefit claims processing. Additionally, the medical construction program, the National Cemetery System, and the General Operating Expenses account for personnel and administration, must all reflect the true needs and legitimate demands placed on the Department of Veterans Affairs.

For FY 1991, the following data reflects the Administration's budget request for certain VA programs, and the House Veterans Affairs Committee's budget recommendations:

	Administration Request (In millions of dollars)	Committee Recommendation	Diff.
Benefit Programs	$16.3	$16.3	-
Medical Programs	$12.227	$12.473	+$246
Medical and Prosthetic Research	$199	$239	+$40
Grants for construction of State extended care facilities	$42	$58	$+16
Construction Programs	$694	$745	$+50
General Operating Expenses	$932	$969	+$37
(includes National Cemetery System)	$54.8	$69.8	+$15

Mr. Chairman, The American Legion feels very strongly that at least the funding amounts reflected in the House Veterans Affairs Committee's recommendations are required to prevent further erosion in the identified VA programs. As mentioned previously, we believe medical care funding for FY 1991, in the range of $13 billion, is necessary to meet projected workload demands, restore the mandated personnel target of 194,720 FTEE, and reduce the backlog of new and replacement medical equipment.

In recent years, this Subcommittee has supported appropriation levels to address the increasing demand for VA services. From a purely budgetary perspective, VA medical care delivery and other services, have been a model of fiscal restraint. Since 1980, the annual allocation of federal funds to VA has increased just 38 percent, while the total federal budgetary obligation has grown by 130 percent. The American Legion will only request an amount of funding for veterans programs which we believe is truly required, no more or no less.

Closer examination reinforces the point that VA's medical care delivery system deserves to be recognized as a national resource. Over the past several years it has been a major participant in various national campaigns to deal with drug abuse, the AIDS epidemic, diseases affecting the elderly and the persistent problem of homelessness. In fact, it is probably the only federal department or agency actively engaged in all of these campaigns. Despite this record, VA has received only a small portion of the total federal funds allocated to address these issues.

The American Legion understands the difficulty of the budgetary decisions facing this Subcommittee. The American Legion is convinced that as you seek the greatest return on expended federal dollars you will not find a better bargain than the Department of Veterans Affairs. We are confident you will provide the assistance necessary to insure that VA has the means by which to fully accomplish its varied missions.

Mr. Chairman, that concludes our statement.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESS

SPENCER FALCON, M.D., UNIVERSITY OF MICHIGAN, DEPARTMENT OF PSYCHIATRY, CHIEF OF PSYCHIATRY, ANN ARBOR VA MEDICAL CENTER, ASSOCIATE CHIEF OF ADULT SERVICES, CHAIRMAN, SPECIAL COMMITTEE ON POST-TRAUMATIC STRESS DISORDERS

Mr. TRAXLER. We want to welcome Dr. Spencer Falcon, University of Michigan, Department of Psychiatry. You are appearing here on behalf of the American Psychiatric Association. That is carrying an awful lot of water. We will put your entire statement in the record. You have five minutes to analyze us.

Dr. FALCON. I think you are going to be doing the analysis. I am pleased, Mr. Chairman and members of the subcommittee, to appear again before you this year. Last year when I came representing the American Psychiatric Association, I expressed to you at that time very strong concerns regarding the deficiencies that we were experiencing particularly on our clinical care delivery and our ability to effectively recruit and retain psychiatrists across the country; that very critical program particularly for the homeless, people with chronic mental illnesses, post-traumatic stress disorder, were falling fallow because we were unable to recruit these people.

I feel that these problems have not changed a great deal over the past year. We have substantial evidence based upon a recent survey done by the National Association of VA Chiefs of Psychiatry, that our vacancy rate among psychiatrists nationally in the VA is about 20 percent.

The reason for this vacancy rate is many. Part of this has to do with the under funding of research programs that was discussed earlier today. Part of this has to do with salaries. Salary has been recently addressed in House Bill 4557. The APA and I personally am speaking for the chiefs of psychiatry in the VA which strong support any type of help that could be given through appropriations to that House bill.

We feel strongly that unless we can enhance our ability to recruit psychiatrists that no matter how we talk about our care delivery systems and how we admit that we have problems with substance abuse and homelessness and trouble with PTSD, we will never be able to deliver the care. So I would strongly support also the enhancements to the research budget which we see as being essential and being able to effectively recruit mental health professionals to our institutions.

There are very few things that are a justification for most professionals to work in the public sector these days. People don't like the public sector. They like to be in the private sector and they like to be in other places.

One of the things that is an enhancement is the ability to function in an educational setting and the ability to do research. This is certainly true of psychiatrists. We have found as the salaries have gone up in the state systems and as competition has gone up in the private systems that we are unable to bring in these individuals of high quality. Therefore, this research budget means a great deal to us.

Even though it is not a tremendous amount of money it goes a long way in being able to attract and retain individuals in our system.

I would like to say specifically from the standpoint of post traumatic stress disorder that the work that has been done through legislation over the last two years in enhancing post traumatic stress disorder programs has been of great benefit. We have seen its effect in the field.

There have been established 25 clinical treatment teams around the country. We have seen enhancements in substance abuse, codiagnosis treatment teams around the country. This work has really begun at least.

There are still 100 medical centers with no dedicated programming at all for this. The National Vietnam Veterans' Readjustment Study showed us there is an unmet need out there in Vietnam veterans. It shows there is about 500,000 suffering from PTSD. I think we are challenged as an institution, the Department of Veterans' Affairs, to come up with a reasonable way to approach these people.

So we strongly support the Senate suggestion of $12 million to enhance programs in post traumatic stress disorder through clinical care and research at the National Center.

On a closing note, I would like to say that last year much of our discussion centered around the issues of substance abuse in the homeless and chronically mentally ill. There has been substantial activity over the past year in the VA in taking a leadership role in dealing with the homeless and chronically mentally ill. Much of this has come out of our division of mental health and behavioral science but still there is a tremendous need in this area.

As we see the modest requests that are coming through for enhancements in the overall budget, we feel that these programs must be particularly highlighted. PTSD, substance abuse, the homeless, chronically mentally ill, these individuals have essentially no one who speaks effectively for them. So attention must be paid.

Thank you very much.

Mr. **Traxler**. Thank you very much, doctor. You had a number that I was not familiar with that was the Senate—it was some recommendation that come out of your testimony. The Senate Veterans' Affairs Committee recommends increased funding of $12.4 million, 25 new PTSD clinical treatment teams. Was that in a report that they filed? That was in your prepared statement.

Dr. **Falcon**. Yes. It was a combination of treatment teams, research and a number of other adjusted items. Also, it was an enhancement, an inflationary enhancement for the veteran center system.

Mr. **Traxler**. On a broader scale, what progress are we making in the understanding of the causes of addiction? There is the perennial kind of conversation about heredity versus environment as the psychological foundation for it. Are we any closer to understanding the causes of addiction or is it yet to be determined?

Dr. **Falcon**. Most people would believe that it is still multiple factorial. Many things go into a causation. We do know that we can treat it, that mental health professionals as a group, I think, have a strong belief at this time that even though there is evidence of recidivism where people will begin drinking again or begin using cocaine again or other things, that we have methods right now and programs right now that can effectively help people very much in the control of this problem.

The causes, there are a number of people who have pointed out I think very strongly biochemical causes. There are a lot of patterns we see, behavioral patterns we see in our society, particularly things now that are geared around instant gratification and that are so much present in so much of the advertisements and the things that we are all fairly vulnerable to, at least I am, the things that we respond to are also in many ways the same cues that substance abuse and addicted people respond to, just in a different vein.

Mr. **Traxler**. There was a great psychiatrist, Pogo, who said in analysis, "I met the enemy and it is me."

Dr. **Falcon**. That is right.

Mr. **Traxler**. Mr. Green.

Mr. **Green**. I gather you are confirming the position that the VA takes that the overwhelming bulk of the homeless veterans do suffer from substance abuse or mental illness problems, I gather that from your formal testimony.

Dr. **Falcon**. Yes, we believe it very substantial that an overwhelming number do.

Mr. **Traxler**. Our overall anti-drug effort at the federal level I think now is somewhere in the area of between $8 and $9 billion. I am not sure if you feel knowledgeable enough to comment on this but are we spending money on research in these areas or is it left to some other accounts, the more traditional such as NIH perhaps? Do you have any knowledge as to what may be going on with federal research efforts?

Dr. **Falcon**. As you know the amount of money spent by the VA on mental health research, I guess I didn't point this out, but this is a very modest amount, a relatively small amount. The substance abuse research is again a smaller portion of that.

Much of our research in the VA is very pragmatically oriented, treatment oriented. We have historically had a real leadership role around the country in this but not as strong over the last five years as the overall funding for VA research has decreased. The VA has received some enhancements for money in substance abuse over the past year.

There has been some additional money that came through under the War on Drugs legislation and that has been distributed for programs in the field. There was a large request for proposals and a number of sites were selected in the field. These, we hope, will be part of a large collaborative research program to help us get a better handle on what we are doing with research in substance abuse.

Mr. **Traxler**. A lot of the money the VA spends out of its medical accounts which you alluded to, does go for the treatment of veterans who are addicted or whose bodies are the victims of addiction.

I just am wondering whether or not we ought to be pointing them and encouraging them to do some more basic research in the area of addiction and whether or not, with the hope of course that down the road that will pay off in terms of reducing our actual medical costs.

Dr. **Falcon**. I certainly support that position. If you look at AIDS and you realize that the AIDS association with IV substance abuse is more and more a very direct association, particularly in urban centers. In New York City, IV substance abuse and AIDS go hand in hand.

Every time you can prevent an IV substance abuser from getting AIDS, you get rid of that entire enormous expenditure bill at the other end. The same is true with liver transplants. We are going to be doing liver transplants in the VA on people with alcoholism eventually. This is the state-of-the-art people are moving toward, the whole concept of this. I think research in substance abuse, treatment dollars in substance abuse is a tremendous prospective investment, that if one can decrease the morbidity of these illnesses with this early intervention either through research and finding causation or developing effective programs, it makes a tremendous difference on the medical costs, the late medical costs.

AIDS is such a striking example. If you look at the cost of treating one AIDS patient versus what it would cost you to treat an entire house full of people for substance abuse. That is the parallel. 89 percent of our major psychiatric disorders have a co-diagnosis of some substance abuse problem. In the population that we have, this is what we have.

Mr. **Traxler**. Mrs. Boggs.

Mrs. **Boggs**. I was going to ask about AIDS but you have answered that.

Dr. **Falcon**. We also are beginning to have a better handle on the true behavioral manifestations of AIDS, psychiatric manifestations of AIDS. That is coming as a whole separate deal that has to be treated in psychiatric settings.

Mrs. **Boggs**. Thank you.

Mr. **Traxler**. Thank you very much, doctor. That was most informative and very helpful.

Dr. **Falcon**. Thank you, very much.

[The statement of Dr. Falcon follows:]

American Psychiatric Association
1400 K Street, N.W., Washington, D.C. 20005 • Telephone: (202) 682-6000

TESTIMONY OF THE AMERICAN PSYCHIATRIC ASSOCIATION

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON VA-HUD-INDEPENDENT AGENCIES

ON THE

FY 1991 APPROPRIATIONS

FOR THE

DEPARTMENT OF VETERANS AFFAIRS

MEDICAL CARE AND HEALTH RESEARCH PROGRAMS

PRESENTED BY

SPENCER FALCON, M.D.
UNIVERSITY OF MICHIGAN, DEPARTMENT OF PSYCHIATRY
CHIEF OF PSYCHIATRY, ANN ARBOR VA MEDICAL CENTER
ASSOCIATE CHIEF OF ADULT SERVICES
CHAIRMAN, SPECIAL COMMITTEE ON POST-TRAUMATIC STRESS DISORDERS

MAY 2, 1990

Mr. Chairman and Members of the Committee, I am Spencer Falcon, M.D., Chief of Psychiatry, Ann Arbor VA Medical Center; Associate Chief for Adult Services, University of Michigan Department of Psychiatry and Chairman of the Special Committee on Post Traumatic Stress Disorder. I am pleased to appear before you today on behalf of the American Psychiatric Association, a medical specialty society representing over 36,000 psychiatrists nationwide, to represent our views and share our concerns regarding the FY 1991 appropriation for the Department of Veterans Affairs Medical and Health Research programs.

The APA, a member of the "Friends of VA Medical Care and Health Research Coalition," concurs with their FY 1991 funding recommendations of $13 billion for medical care and $268 million for health research, and endorses the Independent Budget recommendation, compiled by Veteran Service Organizations, for VA medical care.

As you know, VA medical care programs were underfunded by $640 million in FY 1989 and the predicted shortfall for FY 1990 is $770 million. Underfunding has been a chronic problem in the VA. If quality care is to be delivered and unmet needs are to be addressed, the FY 1991 budget must be based on current services dollar amounts, rather than the inadequate FY 1990 appropriation. To provide the same level of services in FY 1991 as FY 1988, a medical care budget increase of $1.6 billion over the FY 1990 appropriation is required.

We commend Secretary Derwinski's efforts to significantly improve the quality of health care for our nation's veterans and suggest that the President's increased funding recommendations be incorporated into your appropriations legislation. However, it is important to recognize the "bottom line" - the President's Budget does not fully meet the documented need for services. As physicians and spokespersons for those who too often cannot speak for themselves, we hope to provide you with a greater understanding of how critical delivery of psychiatric care is to veterans and how inadequate funding levels continue to place mentally ill veterans at risk.

The VA's psychiatric patient workload over the last five years has significantly increased. Since the implementation of the Resource Allocation Methodology (RAM), VA psychiatry has experienced a 21% increase in episodes of care and a 13% increase in the number of unique individuals treated. In 1988, the percentage of discharges for individuals suffering dual diagnosis conditions involving a serious psychiatric disorder and an alcohol or substance abuse disorder was 89%. Yet, despite the increased census and an evidenced need for more complex treatment with a higher level of care, the proportion of VA funds distributed to psychiatry bed sections has declined.

The VA must reaffirm its mission to provide comprehensive psychiatric services to veteran patients who suffer from service-connected illness including: schizophrenia, post-traumatic-stress disorder (PTSD), Alzheimer's disease and other dementia, alcoholism and other substance abuse disorders, and depression. In addition, the time to address the tremendous unmet needs of veterans suffering from mental illness is long overdue. We can not and should not continue to stigmatize our mentally ill veterans and -- as discussed later -- the psychiatric physicians who treat them.

The following items represent what we consider critical areas of need for increased funding in the medical care and medical research programs; and, highlight achievements that make this a most appropriate opportunity to take advantage of our rapidly growing knowledge about the diagnosis and treatment of mental illness and of the dramatic advances in our scientific enterprise.

RECRUITMENT AND RETENTION OF VA PSYCHIATRISTS

The VA is now facing a crisis in health care delivery by psychiatric physicians. A 1988 survey of 160 VA Medical Centers, conducted by the VA Mental Health and Behavioral Sciences Services, documented an overall vacancy rate for psychiatry of 14.59%. As of December 1988, there were 1,860.63 psychiatric physician Full-Time Employee Equivalents (FTEEs) and 269 FTEE vacancies. In 1988, the situation was defined as critical. VA psychiatric physician recruitment and retention problems have reached a breaking point that can only worsen as physicians opt to take advantage of increased retirement benefits available for the first time in October, 1990.

The National Association of VA Chiefs of Psychiatry recently completed their own recruitment and retention survey of VAMCs. The report determined an overall vacancy rate of 19.09%, indicating a dramatic escalation of the problem. Turnover rates exceed 16% per year, and in unaffiliated VAMCs, which have large numbers of psychiatric beds and are predominately located in rural areas, the turnover rate exceeds 20%. Over 70% of Chiefs of Psychiatry responding indicated that the quality of care provided to their patients has deteriorated.

One major obstacle to recruitment and retention efforts is the VA's inablility to compete with state facilities, which have increased their starting salaries in an effort to address their own recruitment and retention problems. Many states offer a $100,000 starting salary for a 40 hour work week, with an "on-call differential." In contrast, the average starting salary for a VA board-certified psychiatrist is $75,000 - $80,000. A lack of research opportunities, poor working conditions (including insuffficent staff to patient ratios), and an inability to supplement earnings with outside practice, add to the ever-growing problem.

The President's budget request contains $38.6 million in additional funds for physician and dental pay enhancement. We support the House Veterans' Affairs Committee's budget recommendation to add $30 million to the Administration's proposal for this purpose. This total appropriation of almost $70 million would fully fund H.R. 4557, legislation introduced by Congressman Montgomery, Chairman of the House Veterans' Affairs Committee, which would improve the capability of the Department of Veterans Affairs to recruit and retain physicians, dentists and nurses through increases in special pay authorities. The legislation provides special pay for full-time and part-time physicians, in locations where the Secretary has determined there is a demonstrated need, on the basis on tenure, position, medical specialty and geographic location.

This long-awaited legislation would finally provide for implementation of a compensation system recognizing physician longevity and specialty. However, if the legislation is not fully funded with new monies, much of the cost would have to be absorbed by VA medical facilities across the country who are already experiencing severe financial constraints. Without additional funds, these facilities would not be able to recognize any benefit from this pending legislation and their recruitment and retention problems would only worsen. In addition, since this legislation provides the Secretary with the sole authority to designate medical specialities eligible to receive special pay, there is no guarantee that the shortage of psychiatrists will be recognized. In the past, the Department has not utilized its authority to designate psychiatry as a scarce specialty, and therefore, we request that report language be included in the appropriations legislation which recommends that the Secretary specifically address the shortage of VA psychiatrists. Psychiatrists should also be provided professional enhancement opportunities, such as the advanced research programs discussed below.

The importance of providing fully-staffed, well-trained psychiatric units in VAMCs across the country cannot be overemphasized. Scientific advances have served to increase the relationship between physical and mental health, increasing the danger inherent in misdiagnosis. Psychiatrists, as physicians, have the training and competence to provide a medical differential diagnosis and treatment plan. Psychiatric patients in VA facilities suffer a high incidence of co-morbidity and physical causes of mental disorders. A proper understanding of the diagnostic and treatment considerations that affect them is essential.

As you are aware, the Department of Defense is currently evaluating the possibility of establishing a demonstration program designed to train psychologists to prescribe psychotropic medications. The shortage of psychiatrists is a dangerous rationale for any substitution of medical education and residency training particularly in order to allow non-physician psychologists to prescribe medication. No state allows a psychologist to prescribe medication. We strongly urge against any proposal supporting or endorsing such a plan for the VA. The recent NAVACOP survey indicates psychiatrists are currently coping by temporarily employing physician extenders, such as physician assistants and nurse practitioners or physicians without psychiatric training. Psychiatric physicians are the only health care providers who have sufficient knowledge and skill to address physical and mental evaluation, differential diagnosis and treatment planning, the knowledge and management of drug side effects and drug interaction, and the role of medication in the bio-psychosocial continuum framework of care.

MENTAL ILLNESS RESEARCH

It is no secret that the funding level for psychiatric research in the VA is vastly disproportionate to the utilization of psychiatric services. A mere 17% of research support monies were directed towards psychiatry in the first half of FY 1987 and the dollar amount for behavioral research represents less than 10% of the total VA research budget. The President's proposed budget cut of $14 million (which includes a reduction of 440 FTEE) would severely impair all research efforts in the VA and further restrict research on the mental illnesses that affect 40% of our veterans, including schizophrenic disorders, psychotic disorders, and serious organic mental disorders.

We support the Friends of the VA funding recommendation of $268 million and once again request that the VA create a Mental Illness Research Service similar to research expressly mentioned in the statutory provision, section 4101(c), which establishes the VA's research mission. We believe that the creation of such a Service with its own budgetary allocation would help to pursue more creative and cost-effective innovative treatment for veterans with mental illness.

The Independent Budget recommends 50 positions and $2.2 million to restore the number of individuals in training in the Research Career Development program. We support that recommendation and emphasize that the training of professionals with expertise in the treatment of substance abuse is of critical importance to the VA.

In addition, the APA wishes to express its support for the creation of Mental Illness Research, Education, and Clinical Centers (MIRECCs), which we believe will impact strongly upon the quality of care and the ability to attract and retain qualified personnel by permitting opportunity for professional growth. Research is on the threshold of a new understanding of the bases of major mental illnesses.

For example, research on schizophrenia has encompassed a broad spectrum of sciences, from the most molecular of the biological sciences to the broadest of the behavioral. Establishing MIRECC's provides an opportunity for the VA, and the research community together, to participate in a state-of-the-art innovative process. It is a modest investment to make when one considers the monumental possibilities for improving care and treatment of veterans. We request initial funding of $3.125 million for the establishment of five MIRECCs.

Let me emphasize that mental and addictive disorders are real illnesses. Modern neuroimaging permits us to see living brain structure and activity and gives us graphic evidence that severe mental illnesses have demonstrated brain abnormalities. Neuroscience progress has been dramatic, but the best is yet to come in treatment breakthroughs.

GERIATRIC PSYCHIATRY

Perhaps one of the most significant health problems facing the country, and particularly the VA, is that of the elderly's mental health care needs. In November of 1989, the American Board of Medical Specialties approved the establishment of a formal certificate of added qualification in Geriatric Psychiatry, thus allowing the American Board of Psychiatry and Neurology to prepare an examination for added qualification in geriatric psychiatry. With the growth of the elderly population and the specialized problems associated with geriatric patients, geriatric psychiatrists serve multi-faceted roles of consultant, diagnostician and clinician to elderly patients suffering from organic as well as other mental disorders.

By the year 2000, there will be 9 million men over the age of 65. Two of every three will be veterans, and while not all will be eligible for care in the VA, the VA is already experiencing an increase in the number of elderly cared for in its facilities. In 1988, 7% of all VA hospital discharges were elderly veterans with a primary psychiatric diagnosis, and an additional 20% of hospital discharges were elderly veterans with a secondary psychiatric diagnosis. In addition, VA nursing homes/domiciliaries discharged 24.2% of their patients over 65 with a primary psychiatric discharge and 55.3% with a secondary psychiatric discharge. Discharge data for elderly utilizing contracted care with community nursing homes shows that 68.7% had a primary psychiatric diagnosis and 69.5% had a secondary psychiatric diagnosis.

We suggest that the effort to provide care to the elderly veteran be expanded to increase the number of Geriatric Research, Education, and Clinical Centers (GRECCs) from 12 to 17, as recommended in the Independent Budget. We also request that funding be provided for 25 additional geriatric fellowships in geriatric medicine, particularly for psychiatry, in an effort to address the evidenced mental health needs of this specific population. The APA also endorses the Independent Budget recommendations to improve extended care programs, including the establishment of Geriatric Evaluation Units (GEUs) at each VA Medical Center.

POST-TRAUMATIC STRESS DISORDER (PTSD)

The National Vietnam Veteran's Readjustment Study (NVVRS), has determined that 15.2% (480,000) of all male Vietnam theater veterans currently have (PTSD). Despite this, the NVVRS data show that approximately 90% of the estimated 480,000 veterans with current PTSD have never used VA mental health resources. These findings support the contention of many practitioners in the field that there is a substantial unmet need of veterans suffering from PTSD. Yet, the Administration's proposed budget contains no increase in funding for PTSD treatment activities.

The VA's existing inpatient PTSD units continue to be routinely plagued by long waiting lists — as long as two years, and the distribution of specialized resources is uneven. For these reasons, we concur with the Senate Veterans' Affairs Committee recommendation that increased funding of $12.4 million be distributed for 25 new PTSD clinical treatment teams; 3 new inpatient PTSD units the National Center on PTSD, for treatment, education and research activities; and augmentation of existing inpatient PTSD units to decrease waiting lists.

HOMELESS CHRONICALLY MENTALLY ILL VETERANS

We are all aware of the staggering number of homeless in this country. Of the estimated 750,000 to three million living in streets or shelters, it is estimated that between 18% and 51% are veterans. The VA's Homeless Chronically Mentally Ill (HCMI) program has served 19,661 veterans in 43 metropolitan areas in its two years of operation. These veterans represent some of the most severely ill. The second Annual Report revealed that 97% of those assessed were diagnosed with a psychiatric disorder. Many suffered with dual diagnoses. The Administration's proposed budget includes $13.9 million to support about 43 sites under HCMI and $10.9 million to support the Domiciliary Care for Homeless Veterans Program. The House Veterans' Affairs Committee budget recommendation notes that the funding level provided in the McKinney Act amendments for VA homeless activities is $30 million. We request that these funds be included in the appropriation for VA homeless activities in an effort to address the inadequate staffing levels and expand the program.

AIDS AND AIDS RELATED COMPLEX (ARC)

The VA caseload for AIDS and AIDS Related Complex represents about seven percent of the nation's total caseload. The Veteran's Health Service & Research Administration (VHSRA) expects 4,260 new inpatients in FY 1991 and 3,300 readmissions from previous years. In addition, the VA will follow 7,500 outpatients. The real costs of AIDS treatment to the VA are $130.8 million in FY 1989, of which only $223 million is funded, and in FY 1990 the costs are projected to be $164.9 million with approximately $80 million to be absorbed in the VA budget. We concur with the Independent Budget recommendation for no less than a $60 million increment in the FY 1991 budget.

Mr. Chairman, we appreciate this opportunity to express our concerns and urge your support for adequate funding levels for veterans suffering from mental illness. They require and deserve the best quality health care available.

WEDNESDAY, MAY 2, 1990.

VETERANS ADMINISTRATION

WITNESSES

FATHER GEORGE, GEORGETOWN UNIVERSITY
FATHER COLLINS, GEORGETOWN UNIVERSITY

Mr. TRAXLER. We wish to welcome those regular witnesses before the subcommittee, our dear friends, Father George and Father Collins of Georgetown University. Did you skip last year Father George?

Father GEORGE. I skipped a year. We had to split up.

Mr. TRAXLER. We want to welcome you. There is no question that there is a raid on the Treasury being proposed here, not that it is not in the public interest because you always speak for the public interest. We welcome your testimony. We will put your statements in the record.

Father COLLINS. I would like to say that on behalf of the Jesuit colleges in the United States we support the Administration request. The National Science Foundation is one of our preeminent organizations. It was started years ago by this committee.

Father GEORGE. Mr. Traxler, Mr. Green, Mrs. Boggs, I am Father George. I was not here last year. I would like to ask the committee to consider support for a unique relationship between the D.C. VA and the Georgetown University Medical Center and both our staffs. It is a unique opportunity I think with the D.C. VA and the NIH facility and the federal VA in the same town.

There are some superb researchers at the D.C. Veterans' Research Center. They need a strengthening of their program. They have a program similar to the one we suggested to maintain and develop their research capability for the D.C. VA. I was listening to the testimony here. Two of the areas that we would hope that they could do, emphasize in research would be AIDS and drug abuse.

I would like to ask the committee to consider supporting that.

Thank you.

Mr. TRAXLER. Well, we thank you for your brief testimony. We are aware of your request. We have some knowledge of it.

Mr. Green.

Mr. GREEN. I gather what you are requesting is something that has existed in the past.

Father GEORGE. We have had a relationship of 40 years with the D.C. VA.

Mr. GREEN. That has included the kind of cooperative research that you are discussing?

Father GEORGE. Yes, sir.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. TRAXLER. This bill that was on the calendar yesterday or the day before, 4390 which calls for a joint effort by the VA and DOD and medical schools and it is entitled Providing for Veterans' Affairs Grants to Assist Medical Schools in Establishing New Research Centers. It is somewhat misleading from the standpoint that my recollection is that it also includes DOD funding.

I think it calls for the establishment of a number, perhaps 12 centers that are dedicated. Each of them would have a different purpose and a different research emphasis. You might want to take a look at this bill.

Father **Collins**. We are knowledgeable of it.

Mr. **Traxler**. Mrs. Boggs.

Mrs. **Boggs**. I just want to thank the fathers for coming. It is always a gratifying experience and an uplifting one to see you. We understand you are being brief to accommodate us. We take that into consideration all the work that you do for all of the various research programs and I hope that you, Father Collins, will be supporting the EPSCORE segment of the National Science Foundation.

Mr. **Traxler**. We appreciate your support. Thank you both.

[The statement of Father George and Father Collins follows:]

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE FOR VETERANS AFFAIRS

April 1990

GEORGETOWN UNIVERSITY MEDICAL CENTER - D.C VA MEDICAL CENTER COLLABORATIVE RESEARCH PROGRAM

Mr. Chairman:

We are Fr. William L. George, S.J., and Fr. T. Byron Collins, S.J., assistants to the President of Georgetown University.

Georgetown University requests support for each of the two Fiscal Years 1991 and 1992 in addition to the regular appropriations for the VA to permit its Medical Center to complete a multi-million dollar state-of-the art Research Building and to enable DC VA Medical Staff to participate in collaborative research and clinical activities with the Georgetown medical faculty in critical health problems facing American veterans, including: cancer, heart and lung disease, diseases of the liver and gastrointestinal tract, AIDS, diseases of the prostate gland and such psychiatric and neurological disorders as Alzheimer's Disease, and problems of drug abuse.

The DC VA Medical Center has been affiliated with Georgetown University Medical Center for four decades, both in teaching and research. The close proximity of the VA, Georgetown and the NIH in the Washington area has enabled these three major institutions to engage in many collaborative programs. However, in recent years the VA Medical Center has been under increasing pressure to render clinical services to its patient population with reduced staff. This has resulted in severely limiting the time and opportunities for the very talented VA medical staff, many of whom have made significant research contributions to their field, to engage in collaborative research with Georgetown and the NIH. The collaborative program should enhance recruitment and retention of DC VA Medical Staff.

Georgetown is planning the design and construction of a $41 million research facility for which partial support is requested from the VA Appropriations in each of the Fiscal Years 1991 and 1992. The building will provide Georgetown and VA staff the optimum research environment in which to undertake basic research. Each year additional funds are necessary to promote collaborative activities between the VA medical staff and Georgetown, and to construct and equip an inpatient clinical research unit for collaborative activities at the VA. VA medical staff would also apply jointly with Georgetown faculty for competitive research funding.

On behalf of our President, Rev. Leo J. O'Donovan, S.J., we thank you for consideration of this urgent request.

WEDNESDAY, MAY 2, 1990.

VETERANS AFFAIRS

WITNESS

DR. STUART KLEIT, NATIONAL KIDNEY AND UROLOGIC DISEASES ADVISORY BOARD

Mr. **TRAXLER**. I will call our next witness to the table, Dr. Stuart Kleit from the National Kidney and Urological Diseases Advisory Board.

Will you take your place? We will submit your full statement for the record. We will be back in a minute. We have to go vote.

[Voting recess.]

Mr. **TRAXLER**. We want to welcome you, Doctor. We will put your entire statement in the record. You may proceed.

Dr. **KLEIT**. I am Dr. Stuart Kleit, Associate Dean for Clinical Affairs of the Indiana School of Medicine and Chairman of the National Kidney and Urologic Diseases Advisory Board. The board has been working for the past 30 months to develop the first national long range plan to combat kidney and urologic diseases. In these efforts, it was aided by more than 1000 medical professionals, patients, and members of the public, all of whom took part as consultants, witnesses, or reviewers of our work. Now completed, the plan, entitled, Window on the 21st Century, provides specific recommendations for the use and organization of national resources to address the problems revealed by our efforts. I am pleased to share highlights from the plan as well as our recommendation for the Department of Veterans' Affairs with you. The entire document and executive summary have been provided to your subcommittee.

Although the board initially had an appreciation of the burden of kidney and urologic diseases on society, the public testimony presented and the other information gathered brought into sharp focus the profound hardships these diseases impose. The extent of pain, suffering, loss of time from work, disruption of the family unit, and death resulting from kidney and urologic diseases was far greater than the board members previously had envisioned.

The data we obtained on the incidence, prevalence, and cost of kidney and urologic diseases revealed that there are hundreds of kidney and urologic diseases that affect approximately 13 million Americans of all ages—from the newborn to the elderly. The financial burden of kidney and urologic diseases is staggering—an estimated $50 billion, or more than 8 percent of the total spent on all diseases. These expenses are borne by patients, their families, and Federal and state governments. In addition, loss of productivity is an important but often overlooked cost of kidney and urologic diseases. Time is lost from work for physician visits, hospitalizations, and treatments, and because of disability; future earnings are lost when productive members of society die prematurely from these diseases.

Unfortunately, as the population of the United States expands—particularly the 65-and-older segment and minority groups—the cost of kidney and urologic diseases is projected to increase dramatically. Because of this we expect the cause and the problems will increase.

The National Kidney and Urologic Diseases Advisory Board recognizes the critical role played by the Department of Veterans' Affairs in combatting kidney and urologic diseases. This role stems from the VA's mandate to provide comprehensive care to veterans—specifically in areas that affect the older male population, such as benign prostatic hyperplasia, prostate cancer, and urinary incontinence, and also the provision of dialysis and transplantation services to patients with permanent kidney failure known as end-stage renal disease. In addition, the VA has special expertise and responsibility for spinal cord injury research.

In the late 1960's and early 1970's, the VA developed the first organized system of care for dialysis patients. Before the Medicare End-State Renal Disease Program became operational in July 1973, the VA pioneered the treatment methods in use today. The VA programs continued as a valuable national resource, providing and underwriting outstanding care to its special patient population. Currently, 3,014 patients are supported in VA facilities; and an additional 585 VA patients are supported in non-VA facilities. Twenty-five percent of these patients are ineligible for Medicare, about four times the comparable number in the general population.

The VA end-stage renal disease program unfortunately has repeatedly been threatened with reduced services due to budgetary constraints. Although the economic pressures often lessen over time, the continuing threat of reduced services has a negative effect on both patients and personnel. Current proposals could lead to fragmentation of overall medical care by forcing veterans to seek end-stage rental disease therapy outside the VA system, while retaining the requirement for provision of general medical care within the system. Erosion of support for the VA program also threatens the department's already distressed nephrology research and education programs.

The VA has devoted itself to another special group of patients, those with spinal cord injury. These patients frequently have urologic problems, some of which lead to end-stage renal disease. The VA and its spinal cord injury centers have led the rest of the nation's medical community in the research and treatment of these problems.

The board recognizes that in recent years the VA has had to reduce the number of researchers it supports in its biomedical research program and cut back on the medical services it provides because of reductions in the VA budget. A report by the Friends of VA Medical Care and Health Research—a diverse group of dozens of health-related organizations—recommends increasing VA medical care and health research appropriations in fiscal year 1990.

The board strongly supports these recommendations, which, if implemented by Congress, would help to ensure that those who have served the nation continue to receive high-quality medical care and that VA research programs continue to make significant contributions to the improved health care of veterans and nonveterans alike.

The board commends the VA for its current and past research and treatment programs. Recognizing that the invaluable contributions of the VA require continued and full funding, the board recommends that: Congress appropriate at least an additional $17 million per year to the Department of Veterans' Affairs so that it may continue its longstanding support of chronic dialysis and renal transplantation, and an additional $700,000 per year to strengthen programs within the VA medical centers that address the urinary problems associated with spinal cord injury.

A minimum of $17 million is needed to provide current dialysis patients with erythropoietin. Additional funds may be required to prevent the demise of the end-state renal disease program.

Because the VA patient population is aging and thus its kidney and urologic disease problems increasing, the board recommends that: The VA continue to support and strengthen its biomedical research program by augmenting kidney and urology research training.

The National Kidney and Urologic Diseases Advisory Board 1990 Long-Range Plan: Window on the 21st Century provides for the first time a 10-year plan that can move the United States closer to the goal of conquering kidney and urologic diseases. The board hopes that the recommendations in the long-range plan will be embraced by those who are affected by, as well as those who can have an effect on, the course of these diseases.

Thank you for the privilege of appearing before this subcommittee. I will be pleased to respond to any questions you may have.

Mr. **Traxler**. Thank you very much, Dr. Kleit. We appreciate your appearance on behalf of the VA medical systems and your very fine research efforts.

[The statement of Dr. Kleit follows:]

STATEMENT OF STUART A. KLEIT, D.D.S., M.D.

Chairman, National Kidney and Urologic Diseases Advisory Board

Before the House Subcommittee on VA, HUD and Independent Agencies

Appropriations for Kidney and Urologic Diseases-Related

Activities of the Department of Veterans Affairs

May 2, 1990

STATEMENT OF STUART A. KLEIT, D.D.S., M.D.

Chairman, National Kidney and Urologic Diseases Advisory Board

Before the House Subcommittee on VA, HUD and Independent Agencies

Appropriations for Kidney and Urologic Diseases-Related
Activities of the Department of Veterans Affairs
May 2, 1990

I am Stuart A. Kleit, D.D.S., M.D., associate dean for clinical affairs at the Indiana University School of Medicine and chairman of the National Kidney and Urologic Diseases Advisory Board. I request that this written testimony be entered in the subcommittee record.

The Board, as directed by Congress and the Secretary of Health and Human Services, has been working for the past 30 months to develop the first national long-range plan to combat kidney and urologic diseases. In these efforts, it was aided by more than 1,000 medical professionals, patients, and members of the public, all of whom took part as consultants, witnesses, or reviewers of our work. Now completed, the plan, entitled Window on the 21st Century, provides specific recommendations for the use and organization of national resources to address the problems revealed by our efforts. I am pleased to share highlights from the plan as well as our recommendations for the Department of Veterans Affairs (VA) with you. The entire document and executive summary have been provided to your subcommittee.

The plan's recommendations for the next decade are based on the Board's study of the magnitude of kidney and urologic diseases and their causes and consequences. To obtain the information necessary to produce the plan, the Board held public hearings in spring 1988 in Los Angeles, Dallas, Atlanta, Boston, New York, and Chicago as well as a public briefing meeting in Chicago in March 1989. Research background papers were submitted to the Board by expert scientists to assist us in formulating strategies to shape future progress toward the conquest of these diseases. In addition, numerous individuals from diverse institutions across the country offered their invaluable expertise to assist with the development of the plan.

THE BURDEN OF KIDNEY AND UROLOGIC DISEASES

Although the Board initially had a general appreciation of the burden of kidney and urologic diseases on society, the public testimony presented and the other information gathered brought into sharp focus the profound hardships these diseases impose. The extent of pain, suffering, loss of time from work, disruption of the family unit, and death resulting from kidney and urologic diseases was far greater than the Board members previously had envisioned.

The data we obtained on the incidence, prevalence, and cost of kidney and urologic diseases revealed that there are hundreds of kidney and urologic diseases that affect approximately 13 million Americans of all ages--from the newborn to the elderly. The financial burden of kidney and urologic diseases is staggering--an estimated $50 billion, or more than 8 percent of the total spent on all diseases. These expenses are borne by patients, their families, and Federal and state governments. In addition, loss of productivity is an important but often overlooked cost of kidney and urologic diseases. Time is lost from work for physician visits, hospitalizations, and treatments, and because of disability; future earnings are lost when productive members of society die prematurely from these diseases.

Unfortunately, as the population of the United States expands--particularly the 65-and-older segment and minority groups--the cost of kidney and urologic diseases is projected to increase dramatically.

THE DEPARTMENT OF VETERANS AFFAIRS

The National Kidney and Urologic Diseases Advisory Board recognizes the critical role played by the Department of Veterans Affairs (VA) in combatting kidney and urologic diseases. This role stems from the VA's mandate to provide comprehensive care to veterans--specifically in areas that affect the older male population, such as benign prostatic hyperplasia, prostate cancer, and urinary incontinence, and also in the provision of dialysis and transplantation services to patients with permanent kidney failure known as end-stage renal disease. In addition, the VA has special expertise and responsibility for spinal cord injury research.

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RECOMMENDATIONS

The Board recognizes that in recent years the VA has had to reduce the number of researchers it supports in its biomedical research program and cut back on the medical services it provides because of reductions in the VA budget. A report by the Friends of VA Medical Care and Health Research--a diverse group of dozens of health-related organizations--recommends increasing VA medical care and health research appropriations in fiscal year 1990.

> **The Board strongly supports these recommendations, which, if implemented by Congress, would help to ensure that those who have served the Nation continue to receive high-quality medical care and that VA research programs continue to make significant contributions to the improved health care of veterans and nonveterans alike.**

The Board commends the VA for its current and past research and treatment programs. Recognizing that the invaluable contributions of the VA require continued and full funding, the Board recommends that:

> **Congress appropriate at least an additional $17 million per year to the Department of Veterans Affairs so that it may continue its longstanding support of chronic dialysis and renal transplantation, and an additional $700,000 per year to strengthen programs within the VA medical centers that address the urinary problems associated with spinal cord injury.**

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Thank you for the privilege of appearing before this subcommittee. I will be pleased to respond to any questions you may have.

WEDNESDAY, MAY 2, 1990.

VETERANS AFFAIRS

WITNESSES

DAVID GORMAN, DISABLED AMERICAN VETERANS

JOHN BOLLINGER, SITTING IN FOR R. JACK POWELL, PARALYZED VETERANS OF AMERICA

JAMES MAGILL, VETERANS OF FOREIGN WAR

Mr. **TRAXLER**. I want to welcome our friends who will be on a panel, David Gorman, DAV, John Bollinger, Paralyzed Veterans of America, and Jim Magill, Veterans of Foreign Wars.

Thank you very much, gentlemen. It is a pleasure to have you with us. I am sorry that Jack was not able to be here. I did visit with him in the hall for a moment. We will put your statements in the record. We would welcome your views, as always.

Mr. **GORMAN**. Thank you, Mr. Chairman.

What we would like to do is take responsibility for our individual responsibility we prepared the independent budget on. I would like to confine my remarks to the benefits sections.

Mr. **TRAXLER**. I want to commend you for that effort. It is very helpful to this committee. I think it is very beneficial to your constituency and of course to the veterans of America. It focuses I think most properly on what the representatives of veterans of this nation believe to be the minimum amount that is necessary to fund this agency and provide a very vital and I believe a promised system, medical system to those United States veterans. You are really doing work.

Mr. **GORMAN**. Thank you, we really appreciate that.

Mr. **TRAXLER**. In very difficult times I might add.

Mr. **GORMAN**. Thank you.

A number of events have occurred during this budget cycle which have been very encouraging and we believe the debate on the appropriations needs of the VA in general and the GOE account in particular has been elevated to a new plane. The major parties are now at least reading from the same book.

Secretary Derwinski deserves a great deal of credit for submitting a budget which recognizes the major problems caused by a series of inadequate budget requests. The Administration's fiscal year 1991 budget at least begins to address the appropriations needed to solve those problems. We are particularly gratified that, for the first time, the Administration's budget submissions for the components comprising the Veterans' Benefits Administration include a section entitled "Assessment of Service to Veterans". This follows a recommendation made in the fiscal year 1990 IB. That there are real needs and that additional resources are required to meet them is no longer in dispute.

What remains to be done, Mr. Chairman, is to quantify those needs in terms of appropriations. This, of course, is your job which we believe has been made much easier by the excellent budget recommendations submitted by the VACs. The VACs have demonstrated their usual expertise in analyzing resource needs and the specific areas to which they should be allocated.

In their budget recommendations, both VACs have indicated that they relied heavily on the IB analyses and recommendations for additional GOE resources. We greatly appreciate the kind comments and the confidence they display in the VSO's assessment of resource needs. There are, of course, differences among the HVAC and SVAC recommendations and the IB recommendations for additional resources. However, there are many areas of total agreement. I would like to provide a brief overview of the three documents as they relate to GOE.

Mr. Chairman, there is remarkable agreement that a significant increase in GOE FTEs is desperately needed. There is also agreement that the poor state of delivery of benefits and services to veterans demands that arbitrary productivity "savings" not be spent on reducing FTE levels but rather invested in improving service to veterans.

All three documents agree that the veterans services and VR&C activities need additional FTEs. There is, however, a divergence in the recommendations for an increase in FTE to process C&P claims. The VACs recommend 145 additional FTEs to comply with the improved decision letters mandated by P.L. 101-237. When the IB was prepared, the VSOs did not have the data relied on by the VACs so these additional FTE were not included in the IB recommendation for C&P. Our recommendation for an increase of 358 C&P FTEs was based on our independent analysis, using VA reports, which show that the claims backlog continued to skyrocket in fiscal year 1989. The VA has challenged this analysis stating that the backlog has stabilized and has started to decline. However, we stand by our analysis, and would be happy to supply you with documentation supporting our position.

There are other differences. For example, the IB recommends an additional 105 FTE for the loan guaranty activity, whereas the VACs have not recommended an increase. There has been significant improvement in loan guaranty but for the reasons stated in the IB, we believe additional FTE would produce substantial program savings as well as better service.

Mr. Chairman, I urge you to carefully review all three documents. I am sure you will find the common theme of thoroughly analyzed and fiscally responsible recommendations to meet real needs of veterans. The recommendations recognize that there appears to be a new, problem-solving direction in VA's management. Given the resources, we believe they will be used effectively, if management has some flexibility. In this regard, both the IB and VACs recommend that productivity savings in one area, for example, support services, be redirected to other areas. We particularly like the HVAC's recommendation that 118 FTEs that would be lost to support services based on arbitrary productivity savings be directed to C&P to improve timeliness.

In summary, Mr. Chairman, it is obvious that GOE needs additional resources in order to provide even minimally acceptable service to veterans. We are confident that after a review of all the budget documents you will reach the same conclusion. The additional resources we urge you to provide by appropriations will, we think, go a long way toward restoring the good service to veterans that we all agree they are due.

[The statement of Mr. Gorman follows:]

STATEMENT OF
DAVID W. GORMAN
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
FOR MEDICAL AFFAIRS
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
May 2, 1990

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than 1.3 million members of the Disabled American Veterans and its Ladies' Auxiliary, I am pleased to have this opportunity to present our views on the budget request of the Department of Veterans Affairs (VA) for Fiscal Year (FY) 1991.

As you are aware, Mr. Chairman, on behalf of the VA the President is requesting $30.9 billion in budget authority in FY 1991 to administer the various benefit programs and services for this nation's 72.9 million veterans, their family members and survivors of deceased veterans.

This represents an increase in budget authority of $1 billion over the FY 1990 appropriated level. While this budget request will not fully fund the health care needs and benefits delivery system for our nation's veterans, it is a significant improvement over the FY 1990 proposal

Veterans Benefits Administrations (VBA)

The VA's FY 1991 request for VBA is $605.3 million, an increase of $42.5 million over the FY 1990 appropriated level. The Administration proposes a reduction of 266 VBA FTEE.

Mr. Chairman, the FY 1991 Independent Budget sets forth, in some detail, the problems that continue to confront the VBA, and cost-effective solutions to resolve them. Briefly stated, however, service delivery to our nation's veterans, caused by a decade of inadequate budgetary support, is currently manifested by the following:

- Deterioration in timeliness and quality of claims adjudication;
- A backlog in compensation and pension claims that has skyrocketed from more than 167,000 in October 1987 to over 650,000 at present;
- Delays of 100 days from date of application until date of interview for those seeking vocational rehabilitation benefits;

- Nearly 1.7 million veterans unable to reach the VA by telephone for benefit information; and
- Unnecessary defaults on home loans by veterans at great cost to them and the government.

To address these problems, Mr. Chairman, the strategy of the Independent Budget is to obtain budgetary support for ADP systems management so that its newly reinvigorated ADP Modernization Program can go forward, with an emphasis on interim measures adaptable to their long-range goal. The key, Mr. Chairman, is to complement this by an infusion of 734 FTEE by a FY 1990 supplemental appropriation. The additional FTEE are needed to first stabilize and then gradually reduce the current unacceptable claims backlog.

Compensation, Pension and Education (CP&E)

The FY 1990 appropriated FTEE level for CP&E service is 3,752. The FY 1991 Administration budget calls for an FTEE level of 3,759, an increase of seven FTEE.

Mr. Chairman, past Independent Budgets have described in some detail the appalling state of service delivery to veterans with respect to compensation, pension and education claims. Timeliness and quality of decisions have deteriorated significantly, and a monumental claims backlog currently exists.

These problems are directly attributable to the 39% reduction in FTEE that has occurred in CP&E service over the past decade.

Mr. Chairman, the Independent Budget recommends an increase of 365 CP&E FTEE over the FY 1990 appropriated level of 3,752 for a total of 4,117 FTEE.

Veterans Service Division (VSD)

The FY 1990 appropriated FTEE level for VSD is 2,081. The Administration's FY 1991 budget calls for an FTEE level of 2066, a reduction of 15 FTEE.

Mr. Chairman, the VSD component of VA is the initial (and often the only) point of personal contact between VBA and our nation's veteran community. However, since 1985 a reduction of 342 FTEE has been experienced in VSD.

The Independent Budget recommends appropriations for 195 FTEE over the 1990 appropriated level for a total of 2,276 FTEE.

Vocational Rehabilitation and Counseling (VR&C)

The FY 1990 appropriated FTEE level for VR&C is 645 FTEE.

The Administration's budget request is for an FTEE level of 640, a reduction of five FTEE.

Vocational rehabilitation is specifically designed for service-connected veterans who experience serious employment handicaps as a direct result of a service incurred disability. For entitled veterans, this benefit would be unnecessary but for disability incurred serving their country and their inability to sustain gainful employment as a direct result thereof. It is unfortunate for both veterans and our nation that this component of VBA is so seriously understaffed, and that veterans must wait 100 days from application until the date they are interviewed by a vocational rehabilitation counselor.

Mr. Chairman the FY 1991 Independent Budget recommends increasing staffing by 69 FTEE over the FY 1990 appropriated level, for a total of 714 FTEE.

Loan Guaranty

The FY 1990 appropriated FTEE level for loan guaranty is 2,165. The Administration's budget request proposes 2,165 FTEE for FY 1991.

Mr. Chairman, we find it unconscionable and fiscally irresponsible -- in view of the program savings demonstrated by VA's Houston Pilot Project -- that the OMB-crafted FY 1991 budget submission recommends no additional FTEEs for loan guaranty. Accordingly, the FY 1991 Independent Budget recommends an increase of 105 FTEEs over the FY 1990 appropriated level for a total of 2,270 FTEEs.

Support Services

The FY 1990 appropriated FTEE level for support services is 2,644. The FY 1991 Administration's budget calls for an FTEE level of 2,391, a decrease of 253 FTEEs.

Mr. Chairman, the Administration's budget request for support services starkly frames the issue before Congress.

OMB directs that actual and anticipated "modernization savings" be immediately spent (the VSOs believe a better word is "wasted") on FTEE reductions. The VSOs believe that, given the sorry state of service being provided to veterans, all so-called modernization savings must be invested in a long-range plan to restore good service to veterans. Until good service is restored and expected to continue, reducing employment based on productivity gains should not be considered.

The VSOs recommended FY 1991 staffing level of 2,699 FTEEs is the same as recommended in the FY 1990 Independent Budget, however, VBA management has the flexibility to allocate FTEEs to components or activities that most need them.

IB VBA Recommendations Summary

Mr. Chairman, the FY 1991 Independent Budget recommends the addition of 734 FTEEs for VBA over the FY 1990 appropriation, to be deployed as follows:

Veterans Services Division	195
Compensation, Pension, and Education	365
Loan Guaranty	105
Voc. Rehab. and Counseling	69
TOTAL	734

Medical Care

Mr. Chairman, the FY 1991 request for the Veterans Health Services and Research Administration (VHSRA) calls for an overall appropriation request of $12.5 billion -- an increase of $890.7 million over the FY 1990 level.

The medical care request of $12.2 billion represents a $901.4 million increase over the FY 1990 level. The proposed medical care budget will support 193,938 FTEE, an increase of 2,837 over the previous fiscal year.

Mr. Chairman, according to the Administration's budget documents which we have been provided, $453.1 million is being requested for payroll increases and $232.3 million is being requested for increased costs due solely to inflationary factors.

Thus, a total of $685.4 million is already planned to be spent for these uncontrollable factors that have little direct bearing on providing enhanced patient care to disabled veterans.

An oversimplified view of this budget request -- after accounting for the myriad of increases and decreases in the various programs of VHSRA -- leads us to conclude that some $216 million is being requested for the purpose of providing enhanced medical care for disabled veterans.

In our view, Mr. Chairman, this budget, if enacted, will serve to only partially respond to the effects of more than a decade of deficit funding levels for veterans' health care needs. Although some -- but surely not all -- of the damage will be repaired, VA medical care is not yet in a healthy environment.

In this respect, Mr. Chairman, we would further urge you to carefully consider the recommendations and funding levels as contained in the Independent Budget for Veterans Affairs which has been provided to the Committee. This budget document represents the cumulative and cooperative efforts of four major veterans' service organizations (DAV, AMVETS, VFW, and PVA) and represents, in our view, realistic funding levels that would allow the Department to carry out its mandated mission of providing health care services to disabled veterans.

Medical and Prosthetic Research

Mr. Chairman, the Administration's FY 1991 medical and prosthetic research budget request is $198.5 million, $14.1 million below the FY 1990 funding level with a reduction of 421 FTEE.

The DAV has, and continues to be, fully supportive of the VA's combined research efforts. It is discouraging, therefore, to continue to witness appropriation requests that can only greatly impair the effectiveness of these activities. We believe the Independent Budget's recommended appropriation of $255 million for combined research activities is needed to restore a vitality to VA research activities.

Construction

The Administration's FY 1991 construction request totals $694.5 million. Mr. Chairman, while we support full funding of the VA's request for construction purposes, we are nevertheless concerned that the requested amount will not meet the pressing needs of the health care system.

As you know, greater numbers of elderly veterans are seeking nursing home care from the VA, yet, in this construction budget proposal, funding has been requested for minimal new nursing home care bed construction in the form of one, 120-bed Nursing Home Care Unit. Additionally, we are concerned that this construction budget request does not adequately recognize and address the replacement and modernization needs of the VA's many aging health care facilities. In this regard, Mr. Chairman, we urge the Committee to favorably consider the construction recommendations of the Independent Budget.

This concludes our testimony, Mr. Chairman, and I would be pleased to respond to any questions you or other Committee members may have.

Mr. MAGILL. My name is James Magill with the Veterans of Foreign Wars. I will talk about the construction aspects of the VA budget. I would like to thank you for the opportunity for us to testify before your subcommittee and as part authors of the independent budget we certainly do support all the recommendations that are made within that document.

In talking about the construction aspect you have a copy of my testimony and you also have a copy I see of the budget itself so I will not go into the individual amounts and figures that we recommend but will confine my remarks to just areas where we would appreciate your attention.

Again, as you stated, the recommendations made are a minimal amount and certainly are as independent as the name implies. We are very concerned about the aging veteran. What we do recommend is that four new 120-bed nursing homes be constructed this year to meet that demand. It is bad now and it will be getting worse as we approach the year 2000.

We also recommend that funds be made available to convert nonused VA hospital beds over to nursing home beds. We think that certainly will help the situation. That does not mean that we do not support the construction for new nursing homes. This particular year we recommend on the conversion number that 2,000 beds be converted.

The basic reason for that is that we made this recommendation last year and the VA failed to act on it. Another area that we think deserves very serious attention is the updating and renovation of the existing VA facilities. Most of the VA hospitals were built in the 1950's and they are showing their age right now. In order to attract medical schools you need to have an updated plan, if you will.

We believe that the VA should have up to date facilities plus a safe and good working environment for the staff.

Also the national cemetery is way behind. The VA cemetery system is falling way behind in meeting the needs of the families of veterans. What is happening now, the days of lands being donated is gone. They have to consider the purchasing of land and we certainly appreciate your help on that too.

That concludes my statement.

Thank you.

Mr. TRAXLER. We appreciate that. I think you raised some interesting aspects of the construction, physical facilities as well as the cemeteries. The point on land is very valid. We had hoped that by donation and the availability perhaps of other public lands that that would solve that issue.

Unfortunately, that leads us to siting cemeteries in areas where they are not accessible to veterans' families. We have made some of those mistakes.

I think that we have to recognize that the cemeteries need to be convenient to the veteran population centers.

Mr. MAGILL. We have found that out, too. The VA had what we call the National Regionalization Plan. In that we found in some areas where a veteran's family had to travel through a couple of states in some cases if they just happened to be on the fringe.

Mr. **Traxler**. Yes, and equally important in some states we have sited the new cemetery within that state on property that was government owned but regretfully perhaps the distance was 100 or 150 miles away from the veteran's population.

The veterans are where the people are. If you have the metropolitan area on one side of the state and you put the cemetery on the other side of the state, you are not serving the veterans.

Hopefully, we are off that policy and we are seeing the implementation of some of the choices now. We are amenable to purchasing the land now where the veterans are and siting the cemeteries where they will get the most utilization and be available to the surviving family.

That is very key here. It is a very important issue for veterans. You raised the questions on construction. I think it is one of the most neglected parts of the VA budget. I think your points on the nursing home are well taken. We are looking at an aging system that is going to require fiscal expenditures, physical changes.

Mr. **Gorman**. It seems to see the multi-billion dollar plant out there, to see it crumble down is a waste of resources of the nation.

[The statement of Mr. Magill follows:]

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

STATEMENT OF

JAMES N. MAGILL, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

FISCAL YEAR 1991 DEPARTMENT OF VETERANS AFFAIRS APPROPRIATIONS

WASHINGTON, D. C. MAY 2, 1990

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to present the views of the Veterans of Foreign Wars with respect to the proposed Department of Veterans Affairs (VA) appropriation for fiscal year 1991. We are appreciative of this Subcommittee for holding this hearing demonstrating your continuing concern for our nation's veterans.

Before presenting the Veterans of Foreign Wars recommendations for the FY '91 VA appropriations, I am proud to say that we have once again joined AMVETS, Disabled American Veterans and Paralyzed Veterans of America in preparing and presenting to the Congress an Independent Budget for the VA. Like last year, the FY '91 Independent Budget encompasses all VA programs and as the name indicates is independent of the Office of Management and Budget's (OMB) influence. Before addressing the construction aspect of the Administration's

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proposal, I would like to comment on the VA's current fiscal health-care situation.

On January 29, 1990, President George Bush unveiled a $30.5 billion FY '91 appropriation budget for the Department of Veterans Affairs. This budget, while showing an increase of $1.3 billion in appropriations over last year's, still falls short of meeting the needs of veterans. Even though medical care is increased by approximately $1 billion, when one takes into account inflation and the fact VA's Veterans Health Services and Research Administration is currently experiencing a shortfall of approximately $350 million for the current fiscal year, VA is still hard pressed to meet its mandated and moral obligations. We are also disturbed over the Administration's substantial decrease in funding for VA medical and prosthetic research; an activity that not only benefit veterans but the entire nation, as well. At this time, I will direct my testimony to the Independent Budget recommendation as it pertains to the VA's construction program.

Our specific construction program's recommendations, like other FY 1991 Independent Budget program recommendations, are based upon the strategy we believe VA must follow to meet future challenges. Again, our estimates are based on what we perceive to be the minimum amount the VA will require to achieve its mandated mission and we urge the appropriations Committee to take these recommendations into consideration when reporting the FY '91 appropriations measure to the full House.

Major Construction—We recommend a $666 million Major Construction appropriation for FY 1991 as opposed to a $530 million recommendation by the Administration. Our source for FY 1991 funding projections is the VA's current Five-Year Plan. We do acknowledge this plan may not meet the priorities that an in-depth analysis of national requirements might ultimately reveal. However, we also recognize that to achieve less in FY 1991 would be catastrophic, given the limited current replacement cycle, rapidly changing clinical requirements, and the existing physical plants excessive age.

Within the $666 million total, we have recommended that Congress allocate $42 million for the Advance Planning Fund and the Design Fund; approximately $20 million more than the Administration's request. These funds should permit more expeditious project planning and design. We believe a more generous allocation to the Advance Planning and Design Funds would accelerate future construction. More importantly, the FY 1991 Independent Budget seeks to ensure the initiation of a larger number of projects. We believe that under funding in this area impedes projects by constricting planning and design. Congress's strong support for planning and design will enable VA to build more of the major construction projects it needs, once the department has set its priorities according to a rational process.

In the FY 1991 Independent Budget, we have also requested $32 million to construct new VA nursing homes. We appreciate the Administration responding to the need for additional nursing homes by requesting funds to construct a nursing home in Palm Beach, Florida; however, we still advocate funding that will permit the VA to construct four 120-bed nursing homes this year and in future years. The aging veteran population necessitates this annual rate of nursing home construction through the 1990s. Furthermore, we assert that this rate is necessary, even if the VA complies with our recommended annual conversion of 1,000 existing hospital beds, (currently not in use) to nursing home care, plus a one-time conversion of 2,000 beds in FY 1991. It should be emphasized that we recommended these conversions in last year's Independent Budget.

Finally, our Major Construction proposal includes $6.3 million to acquire land for national cemeteries in states that have none. The Veterans Service Organizations (VSOs) recommended that VA purchase and construct two new national cemeteries annually until the National Cemetery System meets previously stated goals of an open-national cemetery in every state.

The remaining amount (approximately $585 million) of the Major Construction appropriation should be devoted to helping reduce the other Five-Year Plan's FY 1991 medical construction requirements. We hold that the plan's recommendations are valid.

Minor Construction--The FY 1991 Independent Budget recommends a $285 million appropriation for Minor Construction while the Administration only targets $145.6 million for this essential activity. The Minor Construction fund pays for smaller VA repair and update projects. The Independent Budget's recommendation significantly exceeds the Administraton's FY 1990 request. This reflects our growing concern about VA facilities urgent updating and repair needs. Most VA facilities were constructed during the 1950s and, therefore, update and repair needs are increasing rapidly. Earlier appropriations have fallen far short of addressing these needs.

Most of the recommended Minor Construction funds ($210 million) are identified for medical construction. The FY 1991 Independent Budget recommends that $42 million of this amount be designated exclusively to convert unused medical center beds to nursing home care. This $42 million allocation should be sufficient to convert 2,000 beds during this fiscal year. This proposal also reflects that last year's Independent Budget's recommended bed conversion was not accomplished. Our analysis of veteran nursing home needs indicates that approximately 1,000 VA unused hospital beds must be converted to nursing home care each year for the next several years.

VA medical centers have resisted undertaking such conversions (including those that VHSRA has planned.) An annual provision of $20 million for these conversions, plus a one time $42 million appropriation in FY 1991, would end the

Department's claims that lack of construction funds have prevented such conversions. As we have stated, the VSOs hold the federal government responsible for adequate nursing home care for the nation's aging veterans.

We have requested modest amounts within the Minor Construction appropriation to support VA regional office and existing national cemetery construction projects. The FY 1991 Independent Budget recommends $5 million and $10 million, respectively, for these purposes.

Finally, the Independent Budget recommends $60 million in Minor Construction funds for VA construction staff (primarily within the Office of Facilities). This funding should permit staffing at current levels, and is in keeping with the VSOs recommendation that VA take appropriate steps to establish national construction priorities, and improve construction and planning.

Parking Garage Revolving Fund--The FY 1991 Independent Budget recommends a $19.0 million allocation to this fund, which finances VA facility parking garage construction and operation. We believe that reasonable parking access is essential to patient care. We hope that, eventually, parking garage revenues will pay for new projects. Currently, however, only a few revenue-producing projects exist, so limited new appropriations are needed. Future funding requirements should diminish.

This concludes my statement. I will be happy to respond to any questions you may have.

Mr. **Bollinger**. I am sitting in for Jack Powell who had to go to a meeting.

Mr. **Traxler**. We will put your statement in the record.

Mr. **Bollinger**. Thank you very much. Let me begin by saying that the VA health care system was once a good health care system and I can personally vouch for that.

The problem the Department of Veterans' Affairs faces now I don't think are insurmountable. But prior to the President's budget this past January, the last four or five years have been truly devastating to VA health care.

That is why we feel the President's improved budget for fiscal year 1991 will only at best keep the Department's head above water for another year. It must be understood that of the $900 million plus increase for VA health care, over $400 million of that will go to salary increases, another $200 million will go to the activation of new but understaffed facilities and another $200 million will go to rate changes and inflation.

So very little in fact will actually be spent on hands-on patient care. The government's investment in VA health care is a good investment for the nation but only if the department is provided with sufficient funds to care for eligible veterans.

If the VA can just get back on track, their hospitals will once again provide cost effective health care. If the VA continues to flounder it will result in bad medicine and bad economics. When a patient is turned away from the VA facility where does he go? Somebody will have to pay the bill, state or local funding, possibly insurance but ultimately we all pay a steep price. We firmly believe if given adequate funding as shown in the budget, VA is in the best position to provide the best price.

As we speak individual VA hospitals continue to suffer individual deficits ranging from $1 million to $4 million even after their share of the supplemental last year. Multi-million dollar back-logs of needed but unpurchased equipment, between 20 and 50 nursing vacancies in many hospitals, mostly in emergency care. Waiting times of six months or more for specialty clinics and funding shortfalls in fiscal year 1990 ranging from $40,000 to $50,000 for prosthetic services including wheelchairs and leg braces.

In comparison with other federal health entities, veterans' health services have not kept pace. Since 1985 medicare has received a 44 percent increase, VA an 18 percent increase since 1985. VA research has actually received 7 percent less.

While VA currently treats over 7 percent of the AIDS patients in the U.S. the VA has been forced to absorb these costs from existing health care dollars. Medical and prosthetic research which we believe is a tremendously important program within VA has been asked to take a $14 million cut this year. This is a program that has developed kidney dialysis, the latest in wheelchair technology and the list goes on and on but their role in the nation's health care system has been a critical one since World War II.

We appreciate the supplemental for this year that the committee has recommended. We believe we have a long way to go. I would close by saying that we strongly urge you to adopt the recommendations set forth in our independent budget.

Mr. **Traxler**. We appreciate those good words. The numbers are startling. In terms of the percentage increase in the private sector since 1985 versus what the increases for the VA have been, it really tells a story.

Mr. **Bollinger**. The same will be true again next year to a smaller degree but nevertheless it is a cumulative process.

Mr. **Traxler**. We appreciate that very much.

I extend my appreciation to you gentlemen.

[The statement of Mr. R. Jack Powell follows:]

PVA
PARALYZED VETERANS
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of the United States

STATEMENT OF
R. JACK POWELL, EXECUTIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
OF THE HOUSE COMMITTEE ON APPRORIATIONS
CONCERNING
THE FISCAL YEAR 1991 BUDGET
FOR THE
DEPARTMENT OF VETERANS AFFAIRS

MAY 2, 1990

Mr. Chaiman and Members of the Subcommittee, Paralyzed Veterans of America (PVA) thanks you for inviting us to testify today concerning the Fiscal Year 1991 budget for the Department of Veterans Affairs (DVA). We will focus our comments on proposed FY 1991 funding levels for the DVA as recommended by the President and as recommended in our own Independent Budget.

As you know, for the fourth year in a row, we have joined forces with AMVETS, the Disabled American Veterans (DAV) and the Veterans of Foreign Wars (VFW) to produce an in-depth analysis of DVA's budget needs. "The Price of Peace - The Nation's Obligation: Correcting Budget Priorities for Veterans", has been widely recognized on Capitol Hill for its accuracy and realistic assessment of veterans' program needs. We have attached a copy of the Independent Budget for your review.

Before we examine the President's proposed FY 1991 budget for the DVA, we wish to provide the Subcommittee with a brief assessment of where the agency's health care system is today following the supplemental appropriation for FY 1989.

The first week of November, 1989, Independent Budget staff conducted a telephone survey of 24 representative VA medical centers. Survey questions were designed to elicit information on any continuing impact of a residual 1989 funding shortfall and the system's ability to handle the projected continuing shortfall in 1990. Every hospital surveyed reported that deficits were still being absorbed by workload cutbacks and use of funds intended for equipment purchase, building maintenance and repair, personnel salaries and contract health care services, such as community nursing homes.

In the latter case, facilities cut utilization between 10 percent and 50 percent.

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Most hospitals reported:

- A residual deficit, ranging from $1 to $4 million per hospital, after receiving their share of the belated 1989 supplemental appropriation.
- Multi-million dollar backlogs, ranging in value from $1 to $17 million in needed but unpurchased equipment.
- Between 20 and 50 nurse vacancies per hospital - particularly in intensive care.
- Waiting times of more than three months for certain specialty clinics (some clinics had a six month backlog).
- Projected funding shortfalls in FY 1990 ranging from $40,000 to $50,000 for prosthetic services and equipment (from wheelchairs to leg braces) - even though FY 1989 non-recurring supplemental dollars were invested in prosthetics.
- In every hospital surveyed, poor employee morale.

Recently, a large mid-west VA Medical Facility projected a $12,112,000 million budget shortfall and a smaller VA hospital on the East coast projected a shortfall of $1,569,000 million.

Fiscal Year 1990 Supplemental

We appreciate the action of this Subcommittee and the entire House of Representatives in approving a fiscal year 1990 supplemental appropriation for VA health care in the amount of $50 million. The additional funds will be useful to help increase staffing levels and bridge such levels from this year to the next. However, current estimates indicate that total year shortfalls are running in excess of $250 million. The House passed version will, therefore, only go part of the way in correcting this situation. The Senate version of the FY 1990 supplemental calls for a $94 million health care appropriation. We urge the Members of this Subcommittee and the full House Appropriations Committee to accept the Senate figures when you go to conference on the bill.

Administration's FY 1991 Budget Proposal

The Administration's proposed fiscal year 1991 budget requests $30.9 billion for the Department of Veterans Affairs. The budget proposal represents an increase of $961 million over current FY 1990 spending. If the request is approved by Congress, veterans' medical care would receive approximately $12.2 billion - a $901 million increase over this years' level.

The President has recognized, that indeed, a funding problem needs to be rectified by recommending these increases in medical care. We are grateful for Secretary Derwinski's hard work throughout the budget preparation process in negotiating with the Office of Management and Budget, and all the way to the Oval Office itself, in arriving at these budget figures. However, while the increases represent a proposed improvement in the current funding crisis, the budget still falls far short of compensating for past shortfalls, maintaining quality care, and meeting anticipated demands for the coming year.

The Administration's request represents an approximate 8 percent increase in medical care over this year. At the same time, medical inflation rates have been running 8 to 10 percent for the past several years. In comparison with all other federal health entities, veterans' health services have not received their fair share of federal health dollars to keep up with inflation. For instance, since 1985 Medicare has received a 44 percent increase; Medicaid received a 58 percent increase. Veterans' health care has received only an 18 percent increase. VA research has received 7 percent less during this time. Discounting for inflation entirely, VA funding during this period has actually been decremental. The point we are making is that the proposed 8 percent increase for medical care in FY 1991 is welcome, but it does not solve the problem that we face.

It is important to understand that although the President's FY 1991 budget proposal would increase the requested budget authority by $1.2 billion over the FY 1990 level, $946 of that amount is required to cover increased salary costs, inflation, and the activation of newly completed facilities. Little remains of the $1.2 billion to address the substantial erosion of health care experienced in FY 1989 and FY 1990. And little remains to address the burgeoning medical equipment backlog, the inadequate agency performance in the adjudication of veterans' claims, and the need for nursing home beds within VA. Further, the backlog of prosthetics equipment and supplies, the backlog of VA cemetery equipment, and a host of other significant problems cannot be adequately addressed by the Administration's proposed funding levels.

The Independent Budget recommends a medical care budget level of $13 billion just to meet current services requirements. Our total recommendation for medical care is $13.4 billion. An explanation of how we derived this figure is contained in the Independent Budget document. We believe our recommendations for FY 1991 are accurate appraisals of what the Department will actually need next year to make up accumulated lost ground and maintain the quality and quantity of health care and benefit delivery.

Health Care Staffing

More than 60 percent of direct health care costs are related to personnel expenditures. The Administration's budget calls for 2,837 additional FTEE in FY 1991. Included in this figure are 800 additional nursing positions. There is no question these new positions will be of great benefit to the VA health care. However, on scrutiny, the budget proposal reveals that 2,098, the vast majority of those FTEE are requested to staff newly activated facilities, not to augment the existing system where thousands of beds have been closed do to lack of staff, particularly nursing staff. Only half of the remaining 739 additional FTEE are to be allocated to the existing hospital system. The remainder are to be sent to fill needed nursing home positions.

PVA and the Independent Budget have long criticized budget proposals with insufficient funding to fully staff and equip newly activated facilities. It is irresponsible to provide the funds to construct needed new facilities, such as Spinal Cord Injury Centers, and then leave them half empty for months because of a lack of funds for equipment and staff. We applaud the major use of these new proposed funds to correct these deficiencies. However, the majority of FTEE funding going to new facilities does little to correct major staffing deficiencies throughout the existing system. The increases for new activations should be added to the Congressionally mandated FTEE floors, not included as part of the total staffing requirements for the existing system as it was before these facilities were built.

Direct Patient Care Costs AIDS Patients

VA currently treats over 7 percent of the AIDS patients in the Nation. AIDS and AIDS Related Complex (ARC) caseload was approximately 7,300 patients in FY 1989. The Department currently treats approximately 9 percent of all new AIDS cases nationwide. New findings in drug therapy and treatment will greatly increase the future patient volume as well as the staggering cost of caring for these patients. For the most part, VA has been forced to absorb these new costs from existing health care dollars which, by all reports, have been strained to the breaking point just to maintain quality of care levels for the balance of the veteran patient population.

The President's budget proposal for FY 1991 highlights an additional $50 million for AIDS treatment. However, again, this represents a shift from other medical care resources, rather than a request for new funding to support the anticipated increased workload to care for patients with AIDS. The Senate Committee on Veterans' Affairs has recommended a $50 million increase for FY 1991 to help cover part of increasing expense in caring for AIDS patients.

We support the addition of $50 million in budget authority and $43 million in outlays to help absorb part of the costs of current and projected AIDS patient care. The additional funds would help cover the costs of expensive drug therapies for AIDS patients as well as restore needed funding levels for direct patient care for all veterans seeking services from VA.

Medical and Prosthetics Research

The Administration's FY 1991 proposed budget for medical and prosthetics research will decrease both funding and FTEE for this important program. Reduced by $13 million below the FY 1990 appropriated level, the program will be unable to start many new research projects as well as force cutbacks in commitments to on-going projects.

The budget authority requested for FY 1991 is $198,537,000. This level of funding, approximately $55 million less than that recommended by the Independent Budget and $40 million less than the authorizing Committee, will further erode a program beset with inconsistent funding and disruptive personnel fluctuations. Although we are pleased that spinal cord injury research has been given a high priority in this program, the truth of the matter is that every aspect of research will be adversely affected if the President's proposed budget is enacted.

DVA Construction

Once again, the construction needs of DVA for maintenance, repair, and replacement of aging medical centers represent one of the most visible indicators of the desperate condition VA facilities are in today. PVA strongly endorses the funding levels recommended in the Independent Budget for Fiscal Year 1991.

The Administration has requested a total of $694,^67,000 in major and minor construction for FY 1991. Given the 86 year replacement cycle on which DVA facilities are operating, this funding level for FY 1991 will be far short of that needed to address the current nationwide requirements for construction and maintenance shortfalls. Changing technologies and demographics will further require modern state-of-the-art facilities. The Independent Budget recommendation of $970,750,000 for this account will be necessary to meet these current and future challenges.

The continued erosion in VA medical facilities severely restricts the quantity of health care available and severely endangers the quality of medical services provided to the veteran community. The problems causing this erosion are basically dollar driven and dollar restricted without regard to any proper long-term planning process.

House Budget Committee Recommendations

Although the Budget Committee recommendation for veterans is $193 million higher than the President's budget, only $80 million of this increase will be available for discretionary programs - primarily the Medical care and GOE accounts that are severely underfunded.

For Hospital and Medical care, the Budget Committee basically goes along with the President's recommendation. The exception is medical research where the Committee recommends the CBO baseline - $27 million higher than the President's recommendation. For GOE, the Budget Committee agreed with the CBO baseline which is $49 million lower than the President's recommendation. If enacted, this level of funding will further erode VA's ability to help disabled veterans. Further delays in claims processing, enormous backlogs in the number of pending cases, unacceptably long waiting periods for vocational rehabilitation, more and more cases under appellate review, and a host of other problems will result. The Budget Committee almost completely disregarded the recommendations made by the House Committee on Veterans' Affairs.

Post-traumatic Stress Disorder (PTSD)

The Department's budget request contains no increase in funding for PTSD treatment services for Vietnam veterans despite the finding of VA's own major study of the Vietnam veteran population which indicated that 479,000 male Vietnam veterans currently have full-blown cases of PTSD. The study, conducted by the Research Triangle Institute also revealed that an additional 350,000 Vietnam veterans have PTSD symptoms that warrant care. VA's existing inpatient PTSD units continue to be routinely plagued by long waiting lists - as long as 2 years - and the distribution of specialized resources is uneven. Funding for VA's Readjustment Counseling Program for Vietnam Veterans (Vet Center Program) under the budget request would provide no adjustment for inflation or normal salary increases. Based on even a 2.9 percent inflation rate for FY 1991, Vet Centers would have to absorb these costs from on-going programs and fee psychological counseling services for Vietnam veterans seeking treatment.

We recommend the addition of $12.4 million in budget authority and $10.7 million in outlays for PTSD treatment. The increase in funding would provide for 25 new PTSD clinical treatment teams; 3 new inpatient PTSD units; the National Center on PTSD - for treatment, education and research activities, including the study of minority populations; augmentation of existing inpatient PTSD units to decrease waiting lists; and a 2.9 percent inflation adjustment for the Vet Center Program to maintain counseling services at this year's level.

Physicians and Dentists Pay:
The Administration, and the House and Senate Committees on Veterans' Affairs are drafting legislation to be submitted and introduced this year which would provide a long-overdue increase, and otherwise modify, special pay rates for VA physicians and dentists. This action will be taken in accordance with the recommendations of the soon-to-be-released "1988 Quadrennial Report to the President on the Adequacy of Special Pay for Physicians and Dentists." Both the Senate and House Committees on Veterans' Affairs expect to report legislation in this Session of the Congress which would correct deficiencies in special pay rates currently causing severe recruitment and retention problems within the Department of Veterans Affairs.

Without immediate action, VA could very well face losing a substantial portion of its physicians and dentists over the next several years due to existing pay inequities and retirement inducements.

The President's proposed budget would only provide $38.6 million to cover the cost associated with this legislation. Both the House and the Senate Committees on Veterans' Affairs estimate that the cost of the legislation, soon to be presented to their Committees, will require $30 million more to properly correct the physician and dentist recruitment problem.

Mr. Chairman, PVA greatly appreciates this opportunity to testify today. I would be happy to answer any questions you might have.

WEDNESDAY, MAY 2, 1990.

ENVIRONMENTAL PROTECTION AGENCY; HOUSING AND URBAN DEVELOPMENT; VETERANS AFFAIRS

WITNESS

MICHAEL FERRELL, SENIOR STAFF VICE PRESIDENT, LEGAL COUNSEL, MORTGAGE BANKERS ASSOCIATION OF AMERICA, WASHINGTON, D.C.

Mr. **TRAXLER**. So we want to, again, welcome Michael Ferrell, Senior Staff Vice President, Legal Counsel. We are going to put your entire statement in the record and we would be pleased to hear from you at this point.

Mr. **FERRELL**. Thank you, Mr. Chairman.

Mr. **TRAXLER**. Who are you accompanied by?

Mr. **FERRELL**. Burton Wood, who is my predecessor, who is into gradual retirement.

Mr. **TRAXLER**. He looks awfully familiar. You have got good backing, very good backing.

Mr. **FERRELL**. Thank you, Mr. Chairman, for the opportunity to be here.

My name is Mike Ferrell, Legislative Counsel of the Mortgage Bankers Association of America.

The MBA appreciates the opportunity to testify on fiscal year 1991 appropriations of interest to mortgage lenders. We would also like to thank you for the leadership role you and the subcommittee played last year in raising the Federal Housing Administration's single-family insurance maximum mortgage amount to $124,875.

In our testimony this afternoon, I would like to focus on several matters in a number of the agencies, including HUD, VA and EPA, which are funded in this bill.

The Administration's fiscal year 1991 budget again this year proposes that Congress limit the volume of new Federal direct loans, loan guarantees and insurance. MBA believes that there is the continual threat that FHA and GNMA credit ceilings, as they have in the past, will be inadequate to meet demand.

Consequently, we hope that the subcommittee will set the FHA and GNMA limits at a minimum of $75 billion and $87 billion respectively. Those levels appear, at present, to be adequate. If actual activity falls below those levels, there will be no carry-over of unused authority or any economic impact associated with unobligated credit authority.

MBA is also concerned about current proposals to change budgeting for Federal credit programs that would affect FHA, GNMA and VA. These changes would require additional appropriations for an "estimated credit" subsidy. FHA would require an additional $774 million in budget authority, GNMA would require an additional $1.5 billion, and VA would require an additional $828 million in fiscal year 1991. We believe implementation of this plan would place pressure on Congress to make cuts in these programs, or result in the establishment of or an increase in fees.

In January of this year, the Administration proposed to implement a system of delegated processing for the FHA multifamily full insurance programs. MBA believes that such a system should be implemented on an expedited basis.

Federal insurance is an essential element of production and maintenance of affordable multifamily housing, and this system would adequately protect the government from unnecessary risk.

However, an $8 million to $10 million increase about the Administration request would be advisable to staff oversight and monitoring functions of this system.

The Administration's fiscal year 1991 budget also proposes significant changes to the VA home loan guaranty program. Of particular concern is the proposal to add the VA's average loss per property to the VA's no-bid formula. MBA strongly opposes further shifts of VA losses to lenders. Accordingly, we support the GAO's recommendations to VA to reduce costs by increasing its use of alternatives to foreclosure, and request the subcommittee to urge the VA to implement those charges.

Our members have also become increasingly concerned about the health hazard of asbestos in public and commercial buildings and, in fact, have contributed funds to the joint public/private sector evaluation study currently underway, which is being directed by EPA and conducted by the Health Effects Institute.

We are looking forward to reviewing the results of their initial research, and hope the subcommittee continues to fund this effort.

Mr. Chairman, on behalf of the MBA, I want to thank you again for the opportunity to testify and for your attention to these matters.

Mr. GREEN. Thank you very much for your testimony. I might say that we have discussed in the justification hearings of the VA, the issue of the asbestos question, and there is a sense on the part of the committee that perhaps we have created a large industry that may be unnecessary, and we are pleased that the research is going forward.

We have asked the VA as it relates to asbestos removal in the schools, to really caution the states, that many of the things that are going forward perhaps are unnecessary, which is not to diminish the threat, the health effects, threats of asbestos, but rather to be realistic about the risk.

I think they share, our concerns on that point, and to what extent that is going to show up remains to be seen.

But we are grateful for your testimony.

Mr. FERRELL. Thank you, Mr. Chairman.

[The statement of Mr. Ferrell and additional written testimony on the Department of Veterans Affairs follows:]

1125 Fifteenth Street, N.W.
Washington, D.C. 20005

202-861-6500

Mortgage Bankers Association of America

STATEMENT OF

MICHAEL J. FERRELL

SENIOR STAFF VICE PRESIDENT AND
LEGISLATIVE COUNSEL

MORTGAGE BANKERS ASSOCIATION OF AMERICA

before the

SUBCOMMITTEE ON VETERANS' AFFAIRS
HUD, AND INDEPENDENT AGENCIES

of the

COMMITTEE ON APPROPRIATIONS

of the

UNITED STATES HOUSE OF REPRESENTATIVES

Hearings on

FY 1991 Appropriations for the Veterans Administration
and the Department of Housing and Urban Development

May 2, 1990

Mr. Chairman and members of the Subcommittee, my name is Michael J. Ferrell. I am Senior Staff Vice President and Legislative Counsel of the Mortgage Bankers Association of America.* Accompanying me today is Ann Hadley vom Eigen, MBA's Associate Legislative Counsel.

We appreciate the opportunity to appear before you today to testify on the FY 1991 appropriations for the Department of Veterans' Affairs (VA), Department of Housing and Urban Development (HUD) and other programs of interest to mortgage lenders.

We also appreciate the opportunity to thank you for your diligence in assuring the inclusion of the increase in Federal Housing Administrations single-family insurance program maximum mortgage amount to $124,875 in the FY 1990 Appropriations bill for VA, HUD, and Independent Agencies.

The focus of our comments for FY 1991 will be on (1) the necessity of establishing a sufficiently high credit budget limit for the non-subsidized Federal Housing Administration (FHA) mortgage insurance program, and sufficiently high guaranty authority for the Government National Mortgage Association (GNMA) mortgage-backed security (MBS) program; (2) the financial requirements of these programs and their treatment in the FY 1991 Congressional Budget Resolution, (3) several resource requirements for FHA, VA, and the Environmental Protection Agency (EPA); and (4) the Administration's revised legislative proposal to change the budgetary treatment of Federal credit programs.

HUD PROGRAMS

Credit Ceilings on FHA and GNMA Activity

The Administration's FY 1991 Budget again this year proposes that Congress establish through a credit budget, the volume of new Federal direct loans, loan guarantees and insurance. The credit budget not only tracks, but limits some of these programs by establishing credit ceilings in the appropriations bills. MBA has consistently maintained that credit limitations on the self-supporting FHA mortgage insurance and GNMA-MBS programs are not necessary. These programs generate net revenues for the Federal government, and credit ceilings are counterproductive in demand-driven programs, such as the Federal mortgage credit programs.

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* The Mortgage Bankers Association of America is a nationwide organization devoted exclusively to the field of residential and commercial real estate finance. MBA's membership comprises nearly 2,600 mortgage originators and servicers, as well as investors, and a wide variety of mortgage industry-related firms. Mortgage banking firms, which make up the largest portion of the total membership, engage directly in originating, selling, and servicing real estate investment portfolios.

Members of MBA include:

- Mortgage Banking Companies
- Commercial Banks
- Mutual Savings Banks
- Savings and Loan Associations
- Mortgage Insurance Companies
- Life Insurance Companies
- Mortgage Brokers
- Title Companies
- State Housing Agencies
- Investment Bankers
- Real Estate Investment Trusts

MBA headquarters is located at 1125 15th Street, N.W., Washington, D.C. 20005; Telephone (202) 861-6500.

Consumer demand for Federal mortgage credit programs, and in particular FHA and GNMA, is expected to be steady. In addition, the increase in the FY 1990 appropriations bill, regarding maximum loan size, and increased ARM authority, provided in the 1987 Housing Act, have kept the dollar volume of FHA loans originated high.

There is the continual threat that FHA and GNMA credit ceilings, as they have in the past, will be inadequate to meet demand. Consequently, in the event the Subcommittee decides to place limits on these programs, MBA recommends that they be set for FY 1991 at the baseline current policy levels included in the Budget Resolutions, rather than at the slightly lower level of the Administration request. These levels would set credit ceilings at $75 billion for FHA and $87 billion for GNMA in contrast with the Administration proposed levels of respectively $75 billion for FHA and $80 billion for GNMA. It is our understanding that the Congressional Budget Resolutions introduced in the Senate by Budget Committee Chairman James Sasser and reported out of the House Budget Committee would accommodate those levels. The current-services levels appear to be adequate, and if actual activity falls below those levels, there will be no carryover of unused authority or any economic impact associated with unobligated credit authority.

FHA Resources

In January of this year, the Administration proposed to terminate the FHA's coinsurance program, for construction, rehabilitation and refinancing of multifamily housing. Because staffing constraints in the multifamily full insurance programs can result in processing delays of up to two years in some field offices, the Administration proposed to implement a system of delegated processing for the FHA multifamily full insurance programs. MBA believes that such a system, in which HUD would retain authority to review rents and expenses, set the maximum mortgage amount and conduct the review appraisal, would allow HUD to continue to foster production and maintenance of affordable multifamily housing, while adequately protecting the government from unnecessary risk.

Even if delegated processing is implemented, it is important that staff be increased to improve and maintain oversight and monitoring functions. Therefore, we believe that an $8 to $10 million increase above the Administration request is necessary.

We urge the Subcommittee to consider increased HUD staffing levels in this area to facilitate this processing and improve oversight and program compliance.

We are concerned that FHA's general staffing levels, in both the field and in headquarters, may be currently inadequate and further urge the Subcommittee to reject cuts in salaries and expenses at a time when oversight needs are high.

VETERANS' AFFAIRS HOME LOAN GUARANTY PROGRAM

The Administration's FY 1991 budget proposes significant changes to the VA Home Loan Guaranty program. These proposals would: (1) add the VA's average loss per property to the no-bid formula; (2) require the veteran to make a downpayment on most loans; and (3) increase the funding fee paid by veterans at origination.

No-Bid Changes Proposed to Add Average Loss Per Property. MBA adamantly opposes the budget proposal to change the no-bid formula by deducting from the net value of the foreclosed property the VA's average loss per property, which is estimated to be $7,000. If this proposal were implemented, no-bids would double, from 18 percent to 35 percent.

Lenders presently bear a significant risk when making a VA home loan because of the no-bid formula calculation, which is used to determine whether the VA or the lender will acquire a foreclosed property. Since the institution of the no-bid formula in the early 1980s, lenders have suffered losses totaling hundreds of millions of dollars.

The budget characterizes this proposal as risk-sharing with lenders. Lenders' share of VA losses has already increased from 2.9 percent in 1981 to 23 percent in 1989. It would be unconscionable to add this cost to the formula and apply it to existing loans. When these loans were underwritten, this risk was nonexistent and could not be taken into consideration when deciding whether or not to originate the loan. Lenders, following VA-imposed standards, are capable of taking responsibility for sound underwriting analysis of a borrower's creditworthiness and the sound valuation of the property at the time of origination. However, lenders are not mortgage insurers and, therefore, are not financially capable of assuming the risk of an economic downturn. If implemented, lenders participation in the program will be greatly reduced, if not completely eliminated to the detriment of the veteran home buyer.

The VA continues to propose shifting its costs to the private sector rather than pursuing efficiency and reducing its costs. In a December 1989 report to House VA Committee Chairman G. V. (Sonny) Montgomery, the United States General Accounting Office (GAO) made recommendations to the VA on reducing home loan foreclosure losses. GAO pointed out that means other than foreclosure were seldom used to terminate defaulted loans. Foreclosure, usually the most expensive method, was chosen in 97 percent of the cases reviewed by GAO. Using alternatives would have saved between $42 million and $94 million in FY 1987. GAO recommended that a cost analysis be used on a case-by-case basis to identify the costs for each loan termination alternative and that the least costly alternative be pursued. The alternatives that are discussed by GAO include compromise agreements, voluntary conveyances, and refunding.

MBA strongly opposes further shifts of VA losses to lenders and believes the VA should reduces its costs by increasing its use of alternatives to foreclosure.

Mandatory Downpayment. The FY 1991 budget proposes, for the first time ever, to require a downpayment of 4 percent on any loan amount above $25,000. The no-downpayment feature is a significant benefit of the VA Home Loan Guaranty program. It is widely acknowledged that accumulating a downpayment is a primary obstacle to homeownership for renters or those who are frequently transferred and unable to build up equity. Eliminating this benefit will radically alter the nature of this veterans entitlement.

Funding Fee. In December 1989, legislation enacting a new financing mechanism for the VA program created the Guaranty and Indemnity Fund (GIF), which requires the Federal government to contribute a share ratably over three years to the GIF to cover potential claims. The veteran's funding fee, which became effective January 1, 1990, is 1.25 percent for no downpayment loans, reduced to .75 percent and .50 percent for five and ten percent downpayment loans, respectively.

To our knowledge, the operation of the GIF has proceeded smoothly; of course, the program is only a few months old. We strongly concur in Congress' concern that the Administration's Fiscal Year 1991 proposal to increase the fee to 1.75 percent for all loans is premature, and perplexing in view of the original intent of the home loan guaranty program as an entitlement program in exchange for service in the Nation's military.

If the nature of the program is to be changed to that of one based on actuarial soundness, Congress and the Administration should consider that issue directly and not by the piecemeal approach contained in the Administration's FY 1991 budget proposal.

ENVIRONMENTAL PROTECTION AGENCY

The real estate finance industry is increasingly concerned about environmental problems, and MBA, in response, has begun the process of educating its members about the potential health effects various building materials may have on human health and the environment. HUD is presently undertaking several projects evaluating the hazards of certain building materials and other hazards, such as radon, and we appreciate the Subcommittee's willingness to fund studies of such importance.

In addition, we would like to point out to the Subcommittee that our members have become increasingly concerned about the health hazard of asbestos in public and commercial buildings and are taking actions on their own in this regard.

The Environmental Protection Agency (EPA), which is also funded through this Subcommittee, received $2 million in FY 1990 (to be matched on a 50/50 basis by the private sector) to determine actual airborne exposure levels present in buildings, to characterize peak exposure episodes and their significance, and to evaluate the effectiveness of asbestos management and abatement strategies in a scientifically meaningful manner. MBA contributed funds to this effort during the initial solicitation of the real estate sector. We are looking forward to the results of the initial research results of the Health Effects Institute, the entity performing this research, and are continuing fundraising efforts with the real estate industry.

FEDERAL CREDIT LEGISLATION

MBA is concerned about current proposals to change budgeting for Federal credit programs. These proposals, contained in the proposal in the FY 1991 Administration budget, and in HR 3929, a bill amending the Congressional Budget Impoundment and Control Act, would impose dramatic new Federal credit program restrictions, and would require additional appropriations that would place pressure on Congress to make cuts in these programs.

The stated purpose of this budgeting change is to consolidate management of all Federal credit programs within the Treasury Department and to impose budgetary requirements and controls that would limit the role of Federal credit programs. The legislation would cover all direct loan, loan guaranty, and insurance programs of Federal agencies and of entities partially or wholly owned by the government. Thus, it would cover the FHA insurance and the VA home loan guaranty program, as well as the GNMA MBS program.

A disturbing objective of the legislative proposal is quantification of the claimed "implicit subsidy" for Federal direct loan, guaranty, and insurance programs. The Administration estimates this "implicit subsidy" as the estimated net present value, based on a comparable market discount rate, of the difference in cost to the borrower between a guaranteed loan and alternative private financing potentially available to the same or a similar borrower for the same or a similar purpose. Pricing this subsidy based on the net subsidy (defined, in HR 3929, as the net present value of the difference between the estimated disbursements for a program and any receipts that flow to the government such as fees, repayments and recoveries from acquired assets), would undoubtedly be less than a market based subsidy estimate, but would still increase the cost of the program. Imposing the cost of government borrowing on a Federal guarantee program inequitably shifts the carrying cost of Federal debt onto these particular programs, which represent a very small part of total expenditures. For example, in instances such as the actuarially sound FHA insurance program, this proposal effectively shifts to an FHA insured borrower that part of the Federal debt incurred to finance among other things the budget deficit.

The Administration estimates that, in FY 1991 alone, FHA would require an additional $744 million in budget authority, GNMA would require an additional $1.5 billion, and VA would require an additional $828 million to accommodate the credit proposal. MBA believes these budget requirements would place pressure on Congress to decrease credit program activity or increase or establish fees to offset those appropriation requirements. Through this device, we believe, the Administration is trying to accomplish what Congress has refused to accede to in the past--a drastic reduction or elimination of the programs.

MBA does not question that there is value in a Federal credit program. One component of the value is the market efficiency that results from standardization, homogeneity and volume. This component is particularly applicable to mortgage credit programs. The second component of that value is the degree of Federal backing, (e.g., full or partial guarantee) and its effect on lenders and the secondary market. The third component of that value is the financial subsidy which exists to the extent that fees do not completely cover program defaults and administrative costs. As proposed, the Administration credit proposal would tax all three components of that Federal credit program value. MBA believes that only the third component, the actual cost to the government, should be considered in determining the appropriations necessary for a program.

MBA believes that identification of these "implicit subsidies" falsely misrepresents the actual dollar costs of these programs and would place Federal credit programs on a basis inconsistent with other Federal programs. In no other instance does the Federal budget reflect the claimed economic "displacement" effect of a Federal program, not does MBA believe it is appropriate to reflect this component. Consequently, budgeting for the estimated economic impact of credit programs, while not doing it for spending programs, penalizes these programs and invites unfair comparisons.

MBA thanks the Subcommittee for the opportunity to testify and for its attention to these matters.

STATEMENT

APPROPRIATIONS SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES

LAKE CITY, FLORIDA VA NURSING HOME

HONORABLE BILL GRANT

MAY 3, 1990

Mr. Chairman and members of the Subcommittee, you will have the opportunity this year to consider an appropriation which is very important to the veterans of my district, and to the entire State of Florida.

I am seeking the appropriation of $8 million for the addition of 120 beds to our present 120 bed VA nursing home in Lake City, Florida. The House Veterans' Affairs Committee recommended the authorization in its construction resolution last year, and the Veterans' Administration requested funding for the project this year. However, the Office of Management and Budget did not include the nursing home in the President's budget.

As you probably know, the VA has a goal of meeting 16 percent of the market share of veteran nursing care needs through either VA beds or outside contract with private facilities. The national average market share met by VA is now 19 percent, and in Florida, we are only meeting a 14 percent need. Because of our high concentration of retirees, Florida has fewer community nursing home beds per thousand population over 65 years of age than any other state. Our state now only has 24 beds per 1000 population while in comparison, Georgia, our neighbor to the north, has 55 beds per 1000 population.

This appropriation is one of my most important priorities in the 101st Congress. I appreciate your consideration, and I will be visiting with each of you further on the project.

FACT SHEET

VA NURSING HOME CONSTRUCTION

LAKE CITY, FLORIDA

CONGRESSMAN BILL GRANT

PROJECT: Addition of 120 beds to present 120 bed nursing home facility at Lake City, Florida for a total of 240 beds.

COST: Projected cost and VA budget request of $8.4 million

STATUS: Office of Management and Budget has cut the project from the Veterans' Administration Budget request.

HISTORY: Prior to the opening of the present 120 bed nursing home at Lake City in 1984, there were 40 beds on the fifth floor of the VA hospital which were dedicated to nursing care. The project was the number one ranked project among VA nursing home construction projects in the United States. (See attached VA Committee press release.)

NEED: VA has a goal of meeting 16 percent of the market share of veteran nursing care needs through either VA beds or contracting out with private facilities.

The national average market share met by VA is 19 percent, exceeding VA's own goal by about 20 percent. In Florida that share is only 14 percent, 28 percent below the national average.

Because of our large concentration of retirees, Florida has fewer community nursing home beds per thousand population over 65 years of age than any other state in the nation. For example, Florida has only 24 nursing care beds per 1000 people while Georgia, our neighbor to the north, has 55.

REQUEST: The full appropriation of $8.4 million in FY 1991.

CONTACT: My staff contact is Michael Mullins at 225-5235.

Department of Veterans Affairs
MAJOR CONSTRUCTION FUNDING NEEDS
FY 1991 - Florida

Facility	Proj No	Project Title	Est Cost
Gainesville	573-B19	290 Bed Psychiatric Bldg, **Stage I**	$ 12.3 million*
Tampa	673-013	Clinical Addn/SICU/SCI Addn, **Phase I**	5.0 million*
Lake City	594-058	120-Bed NHCU Addition	8.4 million
Palm Beach	548-002	120-Bed Nursing Home Care Unit	10.2 million

* Total construction cost is $ 90.7 million for the 290-Bed Psych Bldg and $ 132.8 million for the Clinical Addn/SICU/SCI Addn.

The 290-Bed Psychiatric Bldg and the Clinical Addn/SCI Addn projects have priority over the 120-Bed Nursing Homes at Lake City and Palm Beach.

The 290-Bed Psychiatric Building at Gainesville will provide 200 additional long-term psychiatry beds as a district resource. Medical District 12 has no long-term psychiatry beds and the lowest ratio of total psychiatry beds per veteran population in the nation. The project will establish an innovative, comprehensive, and integrated program for treatment of all psychiatric illnesses and provide support for related clinical education and research. The first stage of this project will construct a 1140 car parking structure since the psychiatric building will occupy most of the existing surface parking areas.

The Clinical Addition/SICU/SCI Addition will correct critical space deficiencies in ambulatory care and clinical support areas, as well as provide additional surgical intensive care beds and spinal cord injury beds. A Central Utilities Plant will also be established for more economical delivery of energy and utilities. Consistent with Tampa's Facility Development Plan, Phase I of the project will add interim clinical support space for spinal cord injury and MRI capability, as well as incinerator facilities, Life Safety and asbestos corrections.

FY 1991 Budget Submission

Construction Programs

Volume 3

In accordance with Circular A-11 dated June 29, 1989, the confidential nature of VA budget material should not be disclosed in any form prior to being transmitted by the President

Office of the Assistant Secretary for Finance and Planning
September 1989

CONSTRUCTION, MAJOR PROJECTS

Location	Project Description	Page No.
Medical Program		
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Brooklyn, NY	Outpatient Addition	2-20
Durham, NC	Clinical Addition	2-26
Gainesville, FL	290-Bed Psychiatric Building	2-31
Indianapolis, IN	Health Behavioral Science Center	2-36
Knoxville, IA	Laundry Replacement	2-45
Lake City, FL	120-Bed Nursing Home Care Unit	2-50
Long Beach, CA	Structural Seismic Corrections	2-53
Marion, IN	240 Bed Geropsychiatric Facility	2-57
Martinez, CA	Clinical Improvements/Correct Seismic	2-60
Nashville, TN	Clinical Improvements/Patient Privacy	2-67
Oklahoma City, OK	Replace Operating Suite	2-72
Palm Beach, FL	120-Bed Nursing Home Care Unit	2-77
Togus, ME	Clinical Improvement Bldg-200	2-81
Staff Offices		
VA Central Office, D.C.	Renovate Main Building	2-86
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Construction, Major Projects

VAMC Lake City, Florida

120-bed Nursing Home Care Unit

I. Budget Authority

Total Estimated Cost	Available Thru 1990	1991 Request	1992 or Future
8,400,000	—	$8,400,000	—

II. Description of Project

This project proposes to construct a two-story vertical addition to the existing 120-bed nursing home care (NHC) unit. The new construction will be compatible with that of the existing NHC unit. All required electrical and mechanical systems will be included in order to provide a completely operational nursing home care facility.

The Environmental Review Board determined that this project has a categorical exclusion requiring no further action.

III. Justification for Project

There are currently 840 VA owned and operated nursing home care beds in Medical District 12. Medical District Initiated Program Planning (MEDIPP) projects that, by 2000, the total need for VA nursing home care beds for this medical district will be 1,560, or an additional 720 beds. The VA would build the additional 120 nursing home care beds at Lake City because of the expected concentration of potential VA nursing home care patients to be residing there by the year 2000.

Although the District seeks to rely on community and state nursing homes wherever possible, the VA does not expect to provide all of the additional desired nursing home beds through the use of community nursing home beds. There is currently a lower ratio of community nursing home beds to population in the State of Florida relative to other states, and approvals for construction of new community nursing homes by the state have been limited. Medical District 12 does not currently have a state nursing home.

Conversion of hospital beds to nursing home care beds is not a viable option at Lake City nor at the other district facilities because of the projected requirements for hospital beds in Florida precludes making available existing hospital beds for conversion to nursing home care.

HOUSE
VETERANS
AFFAIRS
COMMITTEE
news

335 CANNON H.O.B.
WASHINGTON, D.C. 20515
(202) 225-3527

FOR IMMEDIATE RELEASE
February 1, 1989

CONTACT: Jim Holley

ADMINISTRATION SLASHES VA HOSPITAL CONSTRUCTION, REPAIR REQUEST

WASHINGTON -- The Veterans Administration's top medical officer requested more than $950 million to modernize and repair the agency's aging hospitals during the coming fiscal year. His request was cut in half before it reached Capitol Hill and lawmakers are concerned that health care services will suffer as a result.

"This latest Administration budget proposal almost completely ignores the fact that construction has a direct impact on the amount and quality of medical care that is delivered by the VA," said Rep. G. V. "Sonny" Montgomery (D-MS), Chairman of the House Veterans' Affairs Committee.

"The VA's excellent doctors, nurses and other health care professionals cannot do their jobs if they do not have the proper tools, including state-of-the art facilities," said Rep. John Paul Hammerschmidt (R-AR), Ranking Minority Member of the House panel that oversees VA hospitals and other health care matters. "Without an adequate physical plant, the VA will become second-rate in medicine, and the Nation will not be able to keep its commitment to veterans."

A VA-conducted capital facilities study of the 132 hospitals built before 1970 -- most of which are more than 35 years old -- concludes that $1.45 billion in construction funding is needed just to make necessary renovations and repairs. Some of the more common problems that require attention are asbestos abatement, fire, safety and structural deficiencies, and renovation to make space more functional.

Another particular concern: the Administration has not requested any new nursing home construction, even though the older veteran population is increasing at an alarming rate. Veterans age 65 and older will account for two-thirds of the American male population by the turn of the century. The top two VA priorities for FY '90 construction/renovation -- nursing home care units in Lake City, Florida, and Salisbury, North Carolina -- were deleted.

The Administration's total construction funding request for FY '90 is $488 million, which includes $366 million for major construction (projects costing more than $2 million); $115 million for minor (less than $2 million) construction programs, of which $45 million would be spent for administrative costs; and $7 million for acquiring or constructing parking facilities at VA hospitals.

The Administration request includes a replacement/modernization project at Newington, Connecticut, and a new medical center at Palm Beach, Florida, the first new hospital to be added to the system since 1973. However, the Administration's spending plan excludes many priority projects identified by the VA in its construction timetable as in need of FY '90 funding. Among the cuts: almost $23 million in design funds for a replacement medical center in Detroit; a $39 million clinical improvement project in Nashville; a $28 million clinical addition at the Wilmington, Delaware VA Medical Center; a $46 million bed replacement project in Temple, Texas; and $9 million for the design stages of a bed addition in Reno, Nevada.

The Congress provided $14 million in the FY '89 VA appropriation for design of a critically-needed clinical addition project at the Dallas, Texas VA Medical Center. However, in its FY '90 budget, the Administration is not requesting the estimated $126 million needed to launch construction.

Commenting specifically on needed fire and safety corrections at the Wilkes-Barre, Pennsylvania VA hospital, corrections first proposed in 1977 but excluded from yet another Administration budget proposal, Rep. Paul Kanjorski (D-PA) cautioned that "delays only serve to deny veterans quality care, threaten their safety, and increase the cost of these projects to the taxpayers."

The House and Senate Veterans' Affairs Committees must authorize all major construction projects before funds can be appropriated. The House Committee will make its construction recommendations to the Budget Committee by February 27.

# # #

WEDNESDAY, MAY 2, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

JUDITH FRANZ, WEST VIRGINIA UNIVERSITY

Mr. **TRAXLER**. Dr. Judith Franz from Cornell University.

Excuse me, it says Cornell University, and I am looking at West Virginia University.

Dr. **FRANZ**. I am visiting Cornell, but my real appointment is at West Virginia.

Mr. **TRAXLER**. That's why Mr. Mollohan wanted me to extend his best wishes.

He wanted you to know that he would be here but for the fact that he is engaged in another committee effort that his presence is absolutely vital.

Dr. **FRANZ**. I understand.

Mr. **TRAXLER**. We will put your entire statement in the record, and we are pleased to hear from you.

Dr. **FRANZ**. My name is Judy Franz. I am a Professor of Physics at West Virginia University in Morgantown, West Virginia. And this year I am also present at the American Association of Physics Teachers, which has its main goal of physics education at all levels.

I believe I am the only person testifying this afternoon who is not asking for money.

Mr. **TRAXLER**. Wow.

Dr. **FRANZ**. Or at least not directly.

Mr. **TRAXLER**. Oh.

Dr. **FRANZ**. I want to spend my time today discussing undergraduate science education, and in particular, to urge two changes in the way NSF budgets its programs in this area: first, that all funding for instructional programs be consolidated in Science and Engineering Education, and second, that all money that Congress appropriates for educational programs should appear as line items in the but, in the Research Directorates, as well as in the Education Directorate.

Mr. **TRAXLER**. They won't like that, you know.

Dr. **FRANZ**. I know.

Mr. **TRAXLER**. Congress would probably love it.

Dr. **FRANZ**. Well, so would the science education community, I believe.

Mr. **TRAXLER**. We haven't done that before with them, but we are going to be doing some of that.

We will see. I am not sure how it's going to break out in terms of NSF. We hope to give more specific direction to many of the agencies for which we have responsibility and that may be that NSF would be one of them this year, so we will see.

Eventually we hope to do all of them.

Dr. **FRANZ**. Let me tell you why I think this is a good idea.

Mr. **TRAXLER**. Oh, please.

Dr. **FRANZ**. I am sure that you are aware of the predictions that show that the number of students who will graduate with degrees in science and engineering in the next ten years is far too few to meet the projected needs of the U.S.

Two years ago NSF established the Division of Undergraduate Science, Engineering, and Mathematics Education (USEME) to tackle this problem. Unfortunately, although this division was given the responsibility for undergraduate science education programs, much of the money for these programs has been placed in the Research Directorates. This separation of the responsibility from the actual dollars has caused a number of difficulties.

The first of these difficulties is that educational programs are given low priority by many of the Research Program Directors. It is not surprising that money for educational programs often appears to the Research Program Directors as the easiest place to make cuts.

(In fact, some particularly cynical people have suggested that the education funding was placed in the Research Directorates so that there would be something to cut.)

The way in which the NSF budget is constructed has compounded this problem. Since there are no line items for educational programs in the budgets of the Research Directorates, it is extremely difficult to track the actual programs to which the education funds are allocated and to determine how and if they are spent.

I want to mention two important undergraduate education programs placed in Research and Related Activities that have been repeatedly delayed or underfunded. These are the Instrumentation and Laboratory Improvement Program, or ILI, and the Course and Curriculum Development Program.

With the establishment of the Undergraduate Education Division, the ILI Program was announced and all colleges and universities were encouraged to submit proposals.

Within NSF it was decided that funds for the ILI program at doctoral universities would be budgeted separately through the Research Directorates.

When the first round of proposals was received, the Education Directorate awarded the $11.5 million that it had allocated for ILI, but the decision was made elsewhere in NSF to defer ILI funding for the proposals from doctoral universities for a year. Thus approximately $6.5 million that had been allocated for undergraduate education within the Research Directorates was not spent for education.

A similar pattern has been repeated in subsequent years.

Turning to the Course and Curriculum Improvement Program, the same pattern seems to be emerging. When the Undergraduate Education Division was formed, only two special curriculum projects were funded. Many scientists urged the information of a broader curriculum improvement program, and in December of last year, such a program was announced.

A request for proposals with an April 9, 1990 deadline was mailed out in January. At least $5 million was targeted within the Research Directorates. We were astonished to hear in mid-March that the program had been deferred. Thus, apparently none of this year's funds are to be spent.

These two examples lead me to make the following recommendations: First, all money that Congress appropriates for educational programs should appear as line items in the NSF budget with funding history, current plan, and targeted spending.

This is already the case in the Education Directorate and should be required in the Research Directorates. This would not only help congressional committees track how the education funds are actually spent, but would also help those who wish to apply for the funds.

Second, all funding that is for the improvement of instruction would be better housed in Science and Engineering Education than in Research and Related Activities. I realize that many of the programs within NSF serve both research and educational goals.

I believe it is possible, however, to make distinctions between such programs and those that are primarily aimed at improving instruction and that the latter should be placed within Science and Engineering Education.

A strong, effective undergraduate education program can only be achieved by consolidating the responsibility and the dollars in USEME which has education as its principal purpose. This will lead to more money being actually spent on undergraduate education and better decision on how to allocate the funds.

Finally, I would like to state that the American Association of Physics Teachers strongly supports Congress's intent to double the NSF budget over a five-year period, and we urge your subcommittee to do everything in its power to further this goal.

We understand very well that it is critical for the future of the U.S. not only to work for better science education at every level, but also to keep our universities' graduate research programs strong and healthy.

The science faculty for the future will come from these graduate programs, many of which are currently drastically underfunded.

Thank you for your time and your attention.

Mr. **Traxler**. Thank you, Dr. Franz. That is an excellent statement, and you have some, I think, some excellent recommendations.

We will see what we can do in terms of being of assistance in those areas.

Dr. **Franz**. Okay.

[The statement of Dr. Franz follows:]

THE NATIONAL SCIENCE FOUNDATION'S LEADERSHIP ROLE IN SUPPORTING SCIENCE EDUCATION

Testimony Presented to

U.S. House of Representatives
Committee on Appropriations
Subcommittee on VA, HUD, and Independent Agencies

May 2, 1990

Judy R. Franz

Professor of Physics
West Virginia University
Morgantown, WV 26506

and

President
American Association of
Physics Teachers
5112 Berwyn Road
College Park, MD 20740

Introduction

Mr. Chairman and members of the Subcommittee on VA, HUD, and Independent Agencies, my name is Judy R. Franz. I am a Professor of Physics at West Virginia University in Morgantown, West Virginia. This year I am also President of the American Association of Physics Teachers (AAPT) that is based in College Park, Maryland. I want to tell you a little about AAPT so that you will understand why we care so deeply about the National Science Foundation's ability to support science education programs.

The American Association of Physics Teachers (AAPT) has as its main goal the advancement of physics education at all levels. We have about 10,000 members from around the country, half of whom are physics faculty in colleges and universities and about a third of whom are high school physics teachers. We publish journals on physics (*American Journal of Physics*) and physics education (*The Physics Teacher*) that are widely read throughout this country and abroad. We train and sponsor the U.S. high school team for the International Physics Olympiad. Last year one of our team members took first place among 150 students from 30 countries. There are individual brights spots in the science education picture! We also sponsor many special programs, conferences, and workshops.

A number of AAPT's physics education programs are supported, at least in part, by the Science and Engineering Education (SEE) Directorate at the National Science Foundation. We are deeply grateful that since 1983 Congress has seen fit to allocate significant increases to SEE each year. Since most of our work is carried out by volunteers, I can assure you that money received from SEE is highly leveraged and produces far-ranging impacts.

Much of our work is at the pre-college level. One of our recent programs was the highly successful Physics Teacher Resource Agent (PTRA) program that was begun in 1985 to provide a local support network for high school teachers. 300 outstanding physics high school teachers from almost every state in the country were selected to receive special training in physics, physics teaching, and, most importantly, ways to share this information with other science teachers. To participate in the program, teachers had to agree to act as resource agents and to give workshops for other teachers in their local areas. As a result of this program the PTRA's gave over 2000 teacher workshops, and an impressive network of physics teachers now exists across the country.

The Need for a Strong, Consolidated Program for Undergraduate Science Education at NSF

I have emphasized AAPT's strong commitment to improving pre-college education because I want to spend most of my time today discussing the pressing needs of undergraduate science education. I am sure that you are all aware of the predictions that show that the number of students that will receive Bachelor of Science Degrees in the next ten years is far too few to meet the projected needs of the U.S. Both the number of U.S. college-age students and the percent that express an interest in science and engineering careers have been dropping ominously. One of the most depressing facts is that of those students who have the ability and express an interest in science and engineering as they enter college, nearly 50 percent leave these fields during their freshman and sophomore years. Our country cannot afford to lose large numbers of students from these areas which are so crucial for our future economic competitiveness.

Three years ago, under the leadership of Homer Neal, at that time a member of the National Science Board, the National Science Foundation produced the *Report on Undergraduate Science, Engineering, and Mathematics Education* that outlined the pressing needs for programs to reform the curriculum of introductory science courses, to improve teaching laboratories, and to help faculty remain up-to-date in their knowledge of their fields and in teaching methods. Other more recent reports have pointed to the same needs. Professional societies like AAPT, the American Physical Society, and the American Chemical Society agree with the findings of the Neal report and are anxious to help improve undergraduate education.

At least in part as a response to the Neal report, NSF established the Division of Undergraduate Science, Engineering, and Mathematics Education (USEME) within the Science and Engineering Education (SEE) Directorate two years ago. We applauded this development and were pleased to see the needed attention being given to undergraduate education. It is extremely important that this Division be allowed to address fully the educational needs for which it was created. Unfortunately, although USEME has the responsibility for undergraduate science education programs, the budget for these programs has been split between SEE and Research and Related Activities (R&RA). Because of this, several important programs have been delayed or underfunded.

The Budgetary Dilemma for Undergraduate Education at NSF

With the establishment of the Division of Undergraduate Science, Engineering, and Mathematics Education (USEME), several programs for undergraduate education were begun. They included programs for Instrumentation and Laboratory Improvement (ILI), Career Access for Women and Minorities, Faculty Enhancement, Research Experiences for Undergraduates, and Course and Curriculum Development. As mentioned above, although USEME was given responsibility for undergraduate education programs, from the beginning the money for these programs was distributed widely within NSF as a whole. In particular, much of the money was placed in the Research Directorates. This separation of the responsibility from the actual dollars has caused a number of difficulties.

The first and foremost of these difficulties is that educational programs are not given a high priority by many of the research program directors. I do not wish to disparage the Research Program Directors in any way: their primary responsibility is the administration of research funds. In these times of tight budgets when many research divisions have received funding at levels well below their budget requests, it is not surprising that money for educational programs often appears to the research program directors as the easiest or most appropriate place to make cuts. (In fact, some particularly cynical people have suggested that the education funding was placed in the Research Directorates so that there would be something to cut.)

The way in which the NSF budget is constructed has compounded this problem. The NSF budget document for Research and Related Activities (R&RA) contains no detailed information on where funds for educational activities actually reside. Since there are no line items for educational programs in the budgets of the Research Directorates, it extremely difficult to track the actual programs to which the education funds are allocated and to determine how and when the funds are actually spent. As I will mention in a minute, it is now clear that some of the money that was targeted within R&RA for educational projects has not been spent as planned and that some projects have been repeatedly delayed.

A second concern is that by dividing the responsibility for undergraduate education programs from the funding decisions for these programs, those who make the decisions on how the funds are allocated are not those with the most expertise. Program directors who are chosen for their expertise in a particular field of science can not be expected also to be experts in educational matters. With the pressing need to improve undergraduate science programs and the limited funds available to carry out this task, we cannot afford to make wrong decisions.

Specific Examples of Delayed and Underfunded Programs

I will describe two undergraduate education programs that have been placed in Research and Related Activities that have been repeatedly delayed or underfunded. These are the Instrumentation and Laboratory Improvement (ILI) Program and the Course and Curriculum Development (CCD) Program.

As originally established, the program to improve undergraduate laboratories was only available to 4-year colleges. Many groups, including AAPT, argued strongly that the needs were just as severe in the 2-year colleges and in the universities. With the establishment of USEME, the broader ILI Program was announced and all colleges and universities were encouraged to submit proposals. Within NSF it was decided that funds for the ILI Program at the doctoral universities would be budgeted separately through the Research Directorates. When the first round of proposals was received (for FY88), SEE awarded the $11.5M that it had allocated for ILI, but the decision was made elsewhere in NSF to defer ILI funding for the proposals from doctoral universities for a year. Thus approximately $6.5M that had been allocated in FY88 within R&RA for undergraduate education was not spent for education.

This pattern has been repeated in subsequent years. In the following year, some of the deferred proposals were funded, but only $7.6M of the $9M allocated for ILI within R&RA was awarded. In FY90 once again proposals that had been received during the past two years had piled up. R&RA targeted $13.5M for the ILI program with the widely announced purpose of catching up. As far as I have been able to learn, the current plan is to spend only $6.5M of the $13.5M, and the backlog of proposals will remain. Meanwhile, the need for funds to improve undergraduate teaching laboratories across the country has only increased.

Turning now to the Course and Curriculum Improvement Program, the same pattern seems to be emerging. When USEME was formed, two special curriculum projects were funded: one in mathematics and one in engineering. At about the same time, a major effort at curriculum reform for introductory physics was initiated within the physics community. This project has wide support and was co-sponsored by AAPT, the American Physical Society, and, slightly later, the American Institute of Physics. There was no established NSF program to which we could apply for funding. We were fortunate to get a small planning grant from USEME to help start the project. Many scientists urged the formation of a broader curriculum improvement program, and we were all pleased when in December of last year such a program was announced. A request for proposals with an April 9, 1990, deadline was mailed out in January. At least $5M was targeted within R&RA for this much needed area of Course and Curriculum Improvement. We were astonished to hear in mid-March that the program had been deferred. The newly announced deadline is October 15. Thus, apparently no FY90 funds are to be spent. It is impossible to tell from the NSF FY91 budget how much is targeted for this program. No line items for education appear within the budgets for the Research Directorates.

Needed Changes in Funding for Undergraduate Education at NSF

The problems and examples outlined above lead me to make the following recommendations: (1) all money that Congress appropriates for educational programs should appear as line items in the NSF budget, whether the funds are housed in SEE or R&RA, and (2) all funding that is for the improvement of instruction (as opposed to research) should be consolidated within SEE/USEME rather than in R&RA. I will elaborate on these two points.

(1) If one looks at page 17 of the FY91 Budget Summary, one finds under SEE, a Division labeled Undergraduate Science, Engineering, and Mathematics Education with four Programs. and complete budget information for these Programs. The page includes information on the actual budget for FY89, the FY90 request and current plan, and the estimate for FY91. This information is surely very useful to your Committee and other Congressional Committees in formulating important decisions about proper funding levels and following up to see if actual spending is similar to budget estimates. If one looks at page 15 of the NSF Budget Summary, a typical page from R&RA, one sees a listing of the Divisions within the Directorate of Mathematical and Physical Sciences, and under each Division, a listing of the Programs within that Division. Undergraduate education is not mentioned. Nowhere in the budget documents that I have seen is there any accounting of the funds for undergraduate education within this Directorate, these Divisions, or Programs. This is true for all of the Directorates within R&RA. I recommend that your Subcommittee request that such information about educational programs be included as a matter of course in future budget documents. It would not only be of use to you, but also to all those who wish to apply for the available funds.

(2) I realize that many of the programs within NSF serve both research and educational goals. It is not always possible or even desirable to try to make absolute distinctions in these cases. An example is the Research Experience for Undergraduates (REU) Program that supports undergraduates to assist with faculty research projects. The funding for such programs currently is housed in the Research Programs and the Research Program Directors make the decisions on how to allocate this money. I think this makes good sense, since requests for REU funding are often part of regular research proposals. I

believe it is possible, however, to make distinctions between such programs and those that are primarily aimed at improving instruction. I believe that all funding for improving instruction would be best placed within SEE. A strong, effective undergraduate education program can only be achieved by assigning the leadership and dollars to a single group (SEE/USEME) whose principal (not secondary) purpose is education (not research). This will lead to more money being actually spent on undergraduate education, better decisions on how to allocate the funds, and less inter-directorate bureaucratic hassle.

Final Remarks

Finally, I would like to state that the American Association of Physics Teachers strongly supports Congress's intent to double the NSF budget over a 5-year period, and we urge your Subcommittee to do everything in its power to further this goal We understand very well that it is critical for the future of the U.S. not only to work for better science education at every level, but also to keep our universities' graduate research programs strong and healthy. The science faculty for the future will come from from these graduate programs, many of which are currently drastically underfunded.

Thank you for this opportunity to bring these concerns to your attention.

WEDNESDAY, MAY 2, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

FRED STOTTLEMYER, NATIONAL RURAL WATER ASSOCIATION

Mr. **TRAXLER**. Fred Stottlemyer, the National Rural Water Association, and he is President of the West Virginia Rural Water Association, and people that are very important to rural America.

Mr. **STOTTLEMYER**. Thank you, Mr. Chairman.

Actually, I am now the past President of West Virginia Rural Water Association; I still am Vice President of the National Rural Water Association.

Also, I am the General Manager of a rural water system in my home state. I am here on behalf of the National Rural Water Association to thank you and this committee for the support you gave the rural water training and technical assistance program last year and to request your continued support for the program in the Environmental Protection Agency fiscal year 1991 budget.

With your permission, I would like to submit my written testimony for the record and to briefly highlight our testimony.

The National Rural Water Association is a federation of state rural water associations such as the West Virginia Rural Water Association. Each state rural water association is made up of rural water systems representatives.

Over 125 systems are members of the West Virginia Rural Water Association and nationally, the average number of system members of a state association is 300.

It is our objective to work together to improve the operation of rural water systems and the delivery of drinking water to rural areas, particularly to be sure that rural water meets ever increasing testing and water quality requirement of the Safe Drinking Water Act.

Our program is unique in that it is the rural water systems themselves who have assumed the responsibility for working together to meet Safe Drinking Water Act requirements.

It is the regulatory process turned on its head rather than an emphasis on Federal citation and enforcement the EPA-funded rural water training and technical assistance program emphasizes training, on-site technical assistance, and water system initiative in upgrading small water systems.

This hands-on grassroots approach makes the EPA Safe Drinking Water Act a program with a uniquely high level of support and acceptance in rural areas.

I mention the uniqueness of the program because the Safe Drinking Water Act has become an onerous and difficult Federal regulatory initiative for many small water systems. With EPA issuing rules on lead, turbidity, coliform and 83 other contaminants, it is a heavy burden for small systems to adequately conduct regular testing, much less find the funds for new equipment and for new treatment works needed to meet ever-tightening Federal standards.

One example of this problem in West Virginia was a serious taste and odor problem experienced by a number of our surface water systems last year as a result of organic contamination.

In that case, the West Virginia Rural Water Association program manager visited the systems, set forth a strategy for correcting the program and followed up with the systems to make sure the operators knew how to keep the problem under control.

Then the program manager followed up with a state agency engineer to have a paper prepared on the problem, and it has been printed in our quarterly newsletter, which has a 2,700 distribution.

This type of information is generated also at the national level by our National Rural Water staff, and I will just give you a few copies of technical manuals that have been generated recently.

Mr. **Traxler**. Thank you.

Mr. **Stottlemyer**. The core funding provided by this committee is critical to this type of grassroots effort in each state. EPA testifies that other funding should be available to support the program. Our answer is that over time, the states and state association membership have increased state funding to expand the same program with more in-the-field people.

Recently, three circuit riders were funded by the State of Florida to cover south, central and north Florida.

These individuals will work under the same guidelines and with the same objectives as the person funded through the EPA program. There is far more to be done in each state than one person can do, but increasingly the one state rural water association person has become a catalyst for a growing grassroots effort to meet Safe Drinking Water Act requirements.

We want to emphasize that through the National Rural Water Association program, you have created a growing national effort in all rural areas to improve drinking water quality. We are requesting a total of $3.9 million that would allow the program to be funded for all 50 states next year.

We are also asking this committee to consider an additional request this year. There is extensive debate over the threat to the Nation's groundwater, particularly those aquifers in rural areas. Small water systems share this concern, but we also believe that action speaks louder than words. While the groundwater debate continues in Washington and in state governments, we would like to start a program to initiate specific groundwater protection plans for rural water systems throughout the country.

The best way to protect groundwater is to start planning for its protection at the lowest level of government, those small communities operating drinking water systems.

Under a separate letter, we have submitted a detailed description of our proposal. The concept is to create a mirror image of the existing training and technical assistance program using an in-the-field person in each state and small training sessions to guide and assist each small community in developing a groundwater protection plan.

The program would operate in all 50 states, would be closely coordinated with evolving state and federal groundwater policies, and would initiate a bottom to top effort on groundwater problems that would substitute immediate action for the existing public debate over the issue.

The request for funding is $3.6 million which would assure the operation of the program in every state in the country and the establishment of initial groundwater protection plans in most counties within three years.

I thank you for the opportunity to appear, and I appreciate your support in the past.

Mr. **Traxler**. Well, we are very grateful for your presence and your testimony.

We appreciate the work that you are doing and grateful for the information and booklets you are leaving us.

Thanks again.

Mr. **Stottlemyer**. Thank you.

Mr. **Traxler**. That concludes today's hearings.

[The statement of Fred Stottlemyer follows:]

Statement of

Fred Stottlemyer

President, West Virginia Rural Water Association
on behalf of the National Rural Water Association

before the

House Appropriations Committee
Subcommittee on VA, HUD and Independent Agencies
Washington, D.C.

May 1, 1990

Subject: EPA Safe Drinking Water Act

Mr. Chairman, my name is Fred Stottlemyer and I am President of the West Virginia Rural Water Association and Vice President of National Rural Water Association. I am here on behalf of National Rural Water Association to thank you and this Committee for the support you gave the rural water training and technical assistance program last year to request your continued support for the program in the Environmental Protection Agency FY 1991 budget.

Perhaps the most important issue that I would like to address today is to fully explain the breadth and scope of this program and its unique impact on small water supplies throughout the country. The National Rural Water Association is a federation of state rural water associations - one such association exists in each of your states. The state-wide membership of each association is comprised of small non-profit water systems and small towns. All members have water supply operations as their primary daily activity. Membership averages about 320 systems from all parts of each state. These are active members - who continuously participate in the training and technical assistance program in an effort to improve their water. With a significant turnover in water operators and board members, the need for training and technical assistance is continuous.

In any state when you work with 320 small communities and water districts you average at least three or four to a county. The systems are required to comply with increasingly complex federal water testing requirements and you have the continuous problems of protecting water supplies and planning for future water capacity. But, and this is the most important point, you have all these systems working together to conduct a peer oriented grassroots assistance program that helps systems move into compliance with the SDWA. That is what the funds provided by this committee for this program are all about.

What this program represents is truly unique. It is run by the water systems themselves - if it is not relevant, useful or effective it is changed by each state rural water association. This Committee provides other funds for various types of environmental training and technical assistance efforts which are useful. However, in these other cases separate institutions operate programs to provide assistance to unrelated utilities. However, in rural water association programs it is the systems themselves determining the need and then taking responsibility for operating the program to meet that need. As a result, EPA, through this program, is truly at the grassroots level. In fact, we believe it is the only program where EPA has reached the grassroots in rural areas across this country.

This grassroots network is operating where the most serious rural environmental problems now occur. Small rural systems are the primary Safe Drinking Water Act problem. EPA is implementing a list of 82 contaminants to be covered under the SDWA and published initial regulations on contaminant levels for lead in drinking water, coliform monitoring and expanded water filtration requirements. The major brunt of the cost to meet these proposals is placed on small water systems. In anticipation of this and in cooperation with EPA, the NRWA state training and technical assistance programs have rapidly expanded their efforts to help rural systems understand changing federal requirements and work together to prepare them to comply with the new rules. We are the longest and broadest arm in EPA's outreach effort throughout the country.

Over the past few years, we have come to this Committee to request your support to continue this program. This year, the President's budget again contains a request for some funding for the program. Our request to this Committee and to EPA is based on three points:

1. The vast majority of SDWA noncompliance problems are with small systems.
2. A peer-oriented grassroots training and technical assistance program operated by the small system, themselves, is the best way to bring most small systems into compliance. The National Rural Water Association, comprised of the state rural water associations, is the only organization of small water systems in the country.
3. That the EPA funding of this program is very cost effective and outreach efficient.

The history of this program began with the anticipated financial and regulatory impact of new federal legislation. Small systems were unprepared for this type of new regulatory effort, and through their state rural water associations, they created the concept of the grassroots training and technical assistance program. The program used a new concept which allowed rural water folks to initiate and encourage actions that would bring their own systems into compliance with a new federal law.

One very positive aspect of the program has been the interest in states and even EPA regional offices to expand the program in individual states when additional funds are available. For example, three additional Florida Rural Water Association in-the-field staff are paid for with state funds, Region VIII has funded an additional person in Utah and a number of states associations are using energy efficiency funds to help systems reduce water loss. All these efforts are interrelated with the EPA program funded by this Committee. In addition, a growing number of states are creating new grant and loan programs to finance rural water systems to assist in upgrading them to meet SDWA requirements. Again, it is this EPA funded program that has become a catalyst in state after state for innovative and broad ranging effort to improve drinking water facilities. To make this work the program provides the following framework for water system assistance:

- frequent training sessions covering a variety of rural water subjects in all rural areas of a state
- a minimum of ten days on-site technical assistance visits each month
- border-to-border contact with all rural water systems in each state through a state rural water association office
- monthly or quarterly newsletters with simple advice for improvement of water system operations, as well as a very clear description of changing EPA standards for SDWA compliance
- immediate on-site assistance for any small system expressing operation or management difficulties by contacting the state rural water association office
- coordinated rural water system efforts within a state to press for increased state and local funding which reduces demand on FmHA grants and loans
- cooperation from all small water systems with EPA and state regulatory personnel which allows them to deliver their message and monitor the level of effort for SDWA compliance among rural water systems

The number of participants in the training sessions continues to increase as do the number of rural water systems actively participating in the overall state association programs. For example, in the 12 months from January 1, 1989 through December 31, 1989, state associations conducted 565 workshops and provided training for 27,894 rural water operators and other personnel representing 13,172 water systems nationwide. With the constant turnover of small system operators, the majority of those persons have never attended water systems training sessions. Over 7,378 technical assistance visits, including visits for serious compliance problems with the Safe Drinking Water Act, were also carried out and were normally the only hands-on assistance provided to these systems to help them meet the requirements of the Safe Drinking Water Act. Attached is a chart outlining state-by-state assistance visits over the past 12 months.

We are requesting this Committee to consider an additional request this year. There is extensive debate over the threat to the nation's groundwater - particularly those aquifers in rural areas. Small water systems share this concern, but we also believe that action speaks louder than words. While the groundwater debate continues in Washington and in state governments, we would like to start a program to initiate specific groundwater protection plans for rural water systems throughout the country. The best way to protect groundwater is to start planning for its protection at the lowest level of government - those small communities operating drinking water systems.

Under a separate letter, we have submitted a detailed description of our proposal. The concept is to create a mirror image of the existing training and technical assistance program using an in-the-field person in each state and small training sessions to guide and assist each small community in developing a groundwater protection plan. The program would operate in all 50 states, would be closely coordinated with evolving state and federal groundwater policies and would initiate a bottom to top effort on groundwater problems that would substitute immediate action for the existing public debate over the issue. The request for funding is $3.6 million which would assure the operation of the program in every state in the country and the establishment of initial groundwater protection plans in most counties within three years.

Finally, as we have done in the past, we are asking you and the Committee to provide funding for our rural water training and technical assistance program. We would like to complete our expansion to all 50 states because we believe that our program will provide improved compliance with the new law in these states. To expand to all 50 states, it would require an increase from $3.3 million to $3.9 million next year.

Thank you very much for your past help and your consideration of our request.

TECHNICAL ASSISTANCE YEAR-TO-DATE TOTALS
JANUARY 1989 - DECEMBER 1989

STATE	TA ON-SITE	Treatment/ Operations/ Maintenance	Management/ Finance	Other
AL	171	168	2	1
AR	192	120	72	0
CO	125	52	34	39
FL	187	41	9	137
GA	163	142	13	8
IA	152	92	10	50
IL	180	128	49	3
IN	224	207	17	0
KS	173	37	52	84
KY	356	207	69	80
LA	236	158	66	12
ME	173	24	57	92
MN	240	125	57	58
MO	270	81	176	13
MS	295	242	35	18
MT	342	246	54	42
NC	132	106	22	4
ND	155	77	73	5
NE	229	95	36	98
NM	240	132	71	37
NY	145	89	29	27
OH	249	158	45	46
OK	388	334	10	44
OR	179	70	21	88
PA	98	42	33	23
SC	225	98	77	50
SD	145	72	33	40
TN	296	77	43	176
TX	115	21	72	22
UT	172	123	37	12
VA	326	149	79	98
VT	274	241	4	29
WI	238	148	28	62
WV	293	130	153	10
Total:	7378	4232	1638	1508
Count: 34				

THURSDAY, MAY 3, 1990.

VETERANS ADMINISTRATION

WITNESS

HON. CLIFF STEARNS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mrs. BOGGS [presiding]. Good morning. We are pleased to hear from our colleague, Mr. Stearns. We are happy to have you, and, of course, your testimony will be made a part of the record. You may proceed as you wish.

Mr. STEARNS. Thank you, Madam Chairman. I appreciate the opportunity to come here this morning to testify before this subcommittee.

I am coming here this morning to talk about veterans, obviously, and about a long-felt need that we have in my district for a long-term psychiatric health care unit.

Last year, I came here and asked for funding for it, and you were kind enough to see the need and go ahead and fund the first stage for us. I don't think I have to reiterate to this group how important it is that we fund our veterans for their needs.

During my previous testimony, I mentioned that despite the fact that our medical district has the highest incident in service needed psychiatric illness, it remains the only one, the only one without a facility of this nature.

After being made aware that you gave us $8.9 million for the design of this project, and, of course, as I mentioned, I am appreciative of that fact. The project design and plan for this unit is underway. However, the facility, obviously, is not completed. I am asking for an appropriation to fund the next phase of this facility: a parking construction which will provide access to the psychiatric wing and medical center.

It has been a year, and today I just want to reiterate that. I thought I would just briefly outline some of the statistics, which will further substantiate our need in Florida.

The veterans population of Florida has increased 43.3 percent between 1970 and 1980, while the veteran population Nation-wide increased only 3.8 percent. The Florida veteran appropriation is projected to increase another 12.5 percent between 1990 and 1995.

During this same period of time, the veterans population Nation-wide is projected to decrease, just under 10 percent. Veterans are moving south, like many retirees, and we need to look at reallocation of resources so that they may be served.

Now, Medical District 12—it used to be 28, it is now 12 under the reorganization—is comprised of most of Florida, and I might point out 19 counties in south Georgia. It has the third lowest number of VA hospital beds per 1,000 veterans among the 27 medical districts.

In 1982, a congressionally mandated study said, a 30-year study of the needs of veterans in Florida documented the need for 1,483 additional VA hospital beds by the year 2000. All VA medical centers in Florida have had to reduce the number of veterans that receive health care benefits. This has meant curtailing services.

Medical District 12 also has the lowest number of total psychiatric beds per 1,000 veterans of all districts in the country. That is probably one of my most important points, that my district has the lowest number of psychiatric beds per 1,000, yet the statistics show that we have the highest influx of veterans coming in.

District 12 has the highest percentage of service connected veterans discharged with psychiatric diagnoses of any medical district in the country. You may be saying to yourselves, how do they care for these people without any beds or facilities? The answer is that they are not getting the proper care.

There is a way to remedy the situation, and obviously that is funding for a long-term psychiatric care unit. I think in 1975, perhaps the study that was placed in front of you, showed and identified that my district would have this long-term psychiatric care facility. It was a 290 bed addition to the Veterans Administration Hospital in Gainesville, Florida.

Funds were appropriated in fiscal year 1985 to do the preliminary planning work. An architectural firm carried out the task at a cost of just a little over $1 million. There has already been an enormous savings to the government because the State of Florida and the University of Florida have donated 10 acres of land worth $2 million to the VA for the construction of this facility. This saved the U.S. Government a major portion of the start up costs for the project.

Officials in Medical District 12, including the Medical District director, have repeatedly indicated that this project was first priority for funding. They are on the frontlines of this battle and they know first-hand the weapons needed for the fight.

In conclusion, I would like to ask for your continued support of this project by appropriating the needed $12.3 million for its second phase. It is imperative that Florida's growing veterans population get the services needed to keep bodies and minds intact.

Please let me know or my staff if I can provide you with any additional information that you may need during your appropriation process.

Again, I want to thank you for allowing me to come here to speak on behalf of the veterans, and if there are any questions that I can answer to help you, I would be happy to do so.

Mrs. **Boggs**. Thank you very much.

Mr. Green?

Mr. **Green**. No questions.

Mrs. **Boggs**. We know the tremendous impact that this has made upon the whole State of Florida by persons going there, of course, in retirement years, and when their physical and mental difficulties become more accelerated, and you have had this enormous growth in your veterans population, and I am sure you would be pleased to know that in the budget, the parking garage revolving fund includes $12,300,000 for the parking garage.

Mr. STEARNS. Well, we are most appreciative for the work on the subcommittee that you have done.

Thank you, Madam Chairman.

[The statement of Congressman Stearns follows:]

TESTIMONY OF CONGRESSMAN CLIFF STEARNS

HOUSE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES

MAY 3, 1990

THANK YOU, MR. CHAIRMAN, FOR THE OPPORTUNITY TO ADDRESS THE SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES TODAY ON A SUBJECT ABOUT WHICH I FEEL VERY STRONGLY - FUNDING FOR VETERANS' PROGRAMS IN FLORIDA.

THE INDIVIDUALS WHO SERVED OUR COUNTRY SO WELL ABROAD MADE A CONTRACT WITH THE UNITED STATES GOVERNMENT. THEY WOULD FIGHT FOR THE CAUSES OF FREEDOM AND DEMOCRACY, AND IN RETURN THE GOVERNMENT WOULD ASSIST IN PROVIDING FOR THEM.

1 MANY WHO ENGAGED IN COMBAT WERE INJURED, AND OTHERS ARE NOW SIMPLY GROWING OLD AND HAVE BASIC MEDICAL NEEDS. SEVERAL INDIVIDUALS WHO SERVED DURING WAR-TIME SUFFERED EMOTIONALLY AND NEED PSYCHIATRIC HELP TO SURVIVE THEIR DAY TO DAY LIFE. ALL OF THESE VETERANS, LIVING IN MY DISTRICT AND ACROSS THE COUNTRY, DESERVE QUALITY CARE.

ONE YEAR AGO I SAT IN FRONT OF THIS COMMITTEE TRYING TO CONVINCE ALL OF YOU THAT THE VETERANS

OF FLORIDA DESPERATELY NEED A LONG-TERM PSYCHIATRIC CARE FACILITY.

AS YOU MAY REMEMBER FROM MY PREVIOUS TESTIMONY, DESPITE THE FACT THAT OUR MEDICAL DISTRICT HAS THE HIGHEST INCIDENCE OF SERVICE-CONNECTED PSYCHIATRIC ILLNESS, IT REMAINS THE ONLY ONE WITHOUT A FACILITY. MADE AWARE OF THIS GREAT INEQUITY, YOU APPROPRIATED 8.9 MILLION DOLLARS LAST YEAR FOR THE DESIGN OF THIS PROJECT. FOR THAT I THANK YOU.

THE PROJECT DESIGN AND PLAN FOR THE PSYCHIATRIC CENTER ARE UNDERWAY. HOWEVER, THE FACILITY IS NOT COMPLETED YET. I AM ASKING YOU TODAY FOR AN APPROPRIATION TO FUND THE NEXT PLANNED PHASE OF THIS FACILITY: A PARKING FACILITY WHICH
2 WILLPROVIDE ACCESS TO THE PSYCHIATRIC WING AND MEDICAL CENTER.

LAST YEAR, YOU MADE AN ORIGINAL INVESTMENT IN THIS PROJECT. I AM ASKING YOU THIS YEAR TO FOLLOW THROUGH ON YOUR COMMITMENT AND FUND THE FACILITY'S SECOND PHASE. SINCE IT HAS BEEN A YEAR THAT I TESTIFIED, LET ME AGAIN REITERATE THE NEED FOR THIS LONG-TERM PSYCHIATRIC CENTER IN GAINESVILLE.

THE VETERAN POPULATION IN FLORIDA INCREASED 43.3 PERCENT BETWEEN 1970 AND 1980, WHILE THE VETERAN POPULATION NATIONWIDE INCREASED ONLY 3.8 PERCENT. THE FLORIDA VETERAN POPULATION IS PROJECTED TO INCREASE ANOTHER 12.5 PERCENT BETWEEN 1980 AND 1995 - DURING THE SAME PERIOD OF TIME, THE VETS POPULATION NATIONWIDE IS PROJECTED TO DECREASE 9.7 PERCENT. VETERANS ARE MOVING SOUTH, LIKE MANY RETIREES, AND WE NEED TO LOOK AT REALLOCATION OF RESOURCES SO THAT THEY MAY BE SERVED.

MEDICAL DISTRICT 12, WHICH IS COMPRISED OF MOST OF FLORIDA AND 19 COUNTIES IN SOUTH GEORGIA, HAS THE THIRD LOWEST NUMBER OF VA HOSPITAL BEDS PER 1000 VETERANS AMONG THE 27 MEDICAL DISTRICTS. A 1982
3 CONGRESSIONALLY MANDATED STUDY, "THIRTY YEAR STUDY OF THE NEEDS OF VETERANS IN FLORIDA", DOCUMENTED THE NEED FOR 1,483 ADDITIONAL VA HOSPITAL BEDS BY THE YEAR 2000.

ALL VA MEDICAL CENTERS IN FLORIDA HAVE HAD TO REDUCE THE NUMBER OF VETERANS THAT RECEIVE HEALTH CARE. THIS HAS MEANT CURTAILING SERVICES PARTICULARLY FOR NONSERVICE CONNECTED VETERANS WHO NEED LONG-TERM OUTPATIENT CARE, THROUGH

APPLYING THE ELIGIBILITY CRITERIA FOR DISCRETIONARY CARE. THESE VETERANS ARE NOT BEING PICKED UP INITIALLY, OR WORSE, DROPPED FROM THE ROLLS, REGARDLESS OF THEIR ABILITY TO GET COMMUNITY BASED HELP. OFTEN THESE VETERANS RECEIVED CARE BEFORE MOVING TO FLORIDA, BUT ARE LEFT WITHOUT VA ASSISTANCE WHEN THEY ARRIVE.

MEDICAL DISTRICT 12 ALSO HAS THE LOWEST NUMBER OF TOTAL PSYCHIATRIC BEDS PER 1000 VETERANS OF ALL DISTRICTS IN THE COUNTRY, AND HAS ESSENTIALLY NO LONG-TERM PSYCHIATRY BEDS. FURTHER, DISTRICT 12 HAS THE HIGHEST PERCENTAGE OF SERVICE-CONNECTED VETERANS DISCHARGED WITH PSYCHIATRIC DIAGNOSES OF ANY MEDICAL DISTRICT IN THE COUNTRY. YOU MAY BE SAYING TO YOURSELF... HOW DO THEY CARE FOR THESE PEOPLE WITHOUT ANY BEDS OR FACILITIES... THE ANSWER 4 IS THAT THEY ARE NOT GETTING THE PROPER CARE. THERE IS A WAY TO REMEDY THE SITUATION WHICH I WOULD LIKE TO BRING TO YOUR ATTENTION.

IN 1975, THE MEDICAL DISTRICT AND THE VA CENTRAL OFFICE IDENTIFIED THE NEED FOR A LONG-TERM PSYCHIATRIC FACILITY IN FLORIDA WHICH WAS PLANNED AS A 290 BED ADDITION TO THE VETERANS ADMINISTRATION MEDICAL CENTER IN GAINESVILLE, FLORIDA. FUNDS WERE APPROPRIATED IN FY85 TO DO

PRELIMINARY PLANNING WORK, AND AN ARCHITECTURAL FIRM CARRIED OUT THIS TASK AT THE COST OF $1,009,392 (ONE MILLION NINE THOUSAND THREE HUNDRED NINETY TWO DOLLARS). THIS FACILITY WILL SERVE ALL OF FLORIDA'S LONG-TERM NEEDS.

THERE HAS ALREADY BEEN AN ENORMOUS SAVINGS TO THE GOVERNMENT BECAUSE THE STATE OF FLORIDA AND UNIVERSITY OF FLORIDA HAVE DONATED 10 ACRES OF LAND WORTH TWO MILLION DOLLARS TO THE VA FOR THE CONSTRUCTION OF THE FACILITY. THIS SAVED THE GOVERNMENT A MAJOR PORTION OF THE START-UP COSTS FOR THE PROJECT.

OFFICIALS IN MEDICAL DISTRICT 12, INCLUDING THE
MEDICAL DISTRICT DIRECTOR, HAVE REPEATEDLY
INDICATED THAT THIS PROJECT IS FIRST PRIORITY FOR
5 FUNDING. THEY ARE ON THE FRONT LINES OF THIS
BATTLE, AND THEY KNOW FIRST HAND THE WEAPONS
NEEDED FOR THE FIGHT.

IN CONCLUSION, I WOULD LIKE TO ASK FOR YOUR CONTINUED SUPPORT OF THIS PROJECT BY APPROPRIATING THE NEEDED 12.3 MILLION DOLLARS FOR ITS SECOND PHASE. IT IS IMPERATIVE THAT FLORIDA'S GROWING VETERANS POPULATION GETS THE SERVICES NEEDED TO KEEP BODIES AND MINDS INTACT. PLEASE

LET ME KNOW IF I CAN PROVIDE YOU WITH ANY INFORMATION YOU MAY NEED DURING THIS APPROPRIATIONS PROCESS.

THANK YOU, MR. CHAIRMAN AND THE MEMBERS OF SUBCOMMITTEE, FOR YOUR TIME AND CONSIDERATION.

THURSDAY, MAY 3, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

RONALD ATLAS, CHAIRMAN, COMMITTEE ON ENVIRONMENTAL MICROBIOLOGY, PUBLIC AND SCIENTIFIC AFFAIRS BOARD, AMERICAN SOCIETY FOR MICROBIOLOGY, LOUISVILLE, KY

Mrs. BOGGS. Please may we hear from Dr. Ronald Atlas of the American Society for Microbiology.

Dr. ATLAS. Madam Chairperson, my name is Ronald Atlas and I am Chairman of the Public and Scientific Affairs Board Committee on Environmental Microbiology of the American Society for Microbiology. I am also Professor of Biology and Associate Dean of Arts and Sciences at the University of Louisville in Kentucky.

On behalf of the American Society for Microbiology, I am glad to have this opportunity to address the subcommittee relative to the Environmental Protection Agency budget allocation for fiscal year 1991.

For the past several years, the ASM has taken the opportunity to comment in writing on the EPA budget, and in most of those years, we have expressed concern about the limited allocation of funds to that agency to protect the environment. We have felt that the Agency continuously has been in the position of having to react to deteriorating environmental conditions, to pollution events, and to deteriorating environment, and has not been in the position to prevent those occurrences.

And we were very happy last year to see that this subcommittee, and the joint committee on the allocation for EPA called upon the administration of the EPA to change that position, to stop being reactionary to pollution events and to achieve a research posture where they could be proactive, where they could prevent pollution, or at least if pollution events occurred, they would know how to react to them.

Clearly from our perspective, our society is largely a research society. We are, in fact, the largest biological research society, at least unified one. The society has felt we do, in fact, need to carry out the research in advance of the events so that we would know what to do.

We have looked to the EPA programs like their exploratory grants program. We have found that what little funds have been allocated have been reallocated during the year, often to earmark projects such that two years ago we had zero projects actually funded under that program, despite the fact that when we wrote our testimony for this subcommittee, it appeared they were going to have funds, then they don't.

Last year they, again, had very little. In the area of biotechnology risk assessment, which is another area that we think that critical research has to be carried out in, an area in which the National Academy of Sciences has pointed to a number of areas where we really need to develop a research base where the EPA is the agency that funds that research.

Again, we have seen limited funding. Two years ago zero new projects were funded in that area. Last year after a long delay, a total of three projects Nation-wide were the total that could be funded. The need to again reallocate money, the need to provide funds to the earmarked project precluded the ability of the agency to, in fact, provide that research.

Now, again, we are happy to see this subcommittee being asked to allocate funds that would increase the research programs, particularly the unsolicited grants program that EPA runs, the biotechnology assessment program. We do think, however, that they are still limited, that we are going to see just a couple of new projects funded, and that we are not going to be in the position that we need to be in.

But we do thank the EPA administrator for accepting the congressional view that, in fact, they have to become proactive, and we think their budget request does meet that.

In the area of bioremediation, we think the agency is underestimated for what they, in fact, need. The experience with the Exxon Valdez oil spill that I personally became involved in, and perhaps my area of personal research, I became Exxon's advisor on bioremediation, and the go-between between EPA and Exxon.

Exxon gave to the EPA to fund a demonstration project well over $5 million to the single project, and that was inadequate. They are having to do more in this year to meet the state needs. There are many areas where bioremediation can, in fact, help. It is a much lower cost, for a feasible way of cleaning up toxic waste sites, but it requires a lot of research in the biotechnology risk assessment area and a lot of development work.

And we think that the EPA certainly would be well to look at an additional $5 million in demonstration project funding, and particular the areas and the states that would benefit directly from that, and also perhaps another $2 million in the area of information disposal.

The public is not very aware of this new technology. Something has to be done to enlighten the public in this area.

I noticed you were reading an article that I coauthored in the Christian Science Monitor for Earth Day just a week ago. And, in fact, personally, I think what society likes about bioremediation, other than that it involves micros, which is our old area of interest, sphere of interest, is the fact that this is a back to nature thing. We look back to 20 years ago to the original Earth Day movement. That led to the formation of EPA. We see a call for natural solutions to a deteriorating environment due to industrial pollution. This particular cure for environmental pollution says, let's use nature to help us clean up.

The other area of concern very briefly that we have is in the area of water quality to health risk. The Agency actually calls for a cut in that particular budget allocation this year.

Now, we would note that perhaps the single item that has reduced human health problems due to infectious disease is an improvement of water quality. The fact that we now prevent the spread of infectious micro-organisms, disease-causing microbes through the water supply has been critical to the improvement of human health.

We are very concerned if this cutback this year, in fact, signals future moves to reduce our preparedness to monitor and to prevent spread of disease through the water supply. That is something I think we have to look at very carefully in terms of its future.

The less concern I think is immediate impact of one year, but if this signals a fact that we are moving away from water quality monitoring, that is a serious concern.

In summary, we would urge the subcommittee to adopt an increased appropriation for the essential research programs of the Environmental Protection Agency. We would urge you not to earmark funds for a particular project that wind up detracting from that overall research preparedness, and we recognize the need for earmarking certain funds, but if, in fact, these then are used in a way that precludes the Agency from accomplishing its overall mission of protecting the environment of the United States, we are seriously concerned about that.

Areas of biotechnology risk assessment and bioremediation, as well as keeping an eye on the water quality monitoring are things that we would urge this subcommittee to, in fact, look at, and we would again ask the subcommittee to keep hammering at the EPA to maintain that proactive research stance as opposed to simply reacting to problems of deteriorating environment after they occur, and where we are also playing catch-up.

Thank you, Madam Chairperson, members of the subcommittee. I would be happy to answer any questions that you have.

Mrs. Boggs. Thank you very much.

Mr. Green?

Mr. Green. No questions.

Mr. Coughlin. No questions.

Mrs. Boggs. Thank you very much.

[The statement of Dr. Atlas follows:]

STATEMENT

OF THE

AMERICAN SOCIETY FOR MICROBIOLOGY

Presented by

Ronald Atlas, Ph.D., Chairman,
Committee on Environmental Microbiology,
of the Public and Scientific Affairs Board,
of the American Society for Microbiology,
and Professor of Biology and
Associate Dean of Arts and Sciences,
University of Louisville, Louisville, Kentucky

before the

House Subcommittee on HUD-Independent Agencies
of the
House Committee on Appropriations
House of Representatives
Public Witness Hearing on the
Fiscal Year 1991 Environmental Protection Agency Appropriation

May 3, 1990
10:20 A.M.

Mr. Chairman and Members of the Subcommittee:

My name is Ronald Atlas and I am chairman of the Public and Scientific Affairs Board Committee on Environmental Microbiology of the American Society for Microbiology (ASM). I also am Professor of Biology and Associate Dean of Arts and Sciences at the University of Louisville in Kentucky. On behalf of the ASM, I wish to thank the Chairman of the Subcommittee for the opportunity to express the views of the ASM on the fiscal year (FY) 1991 budget for the Environmental Protection Agency (EPA).

The American Society for Microbiology is the largest single biological life science society in the world. It represents 37,000 members who perform diverse research activities, including research related to human and environmental health.

The American Society for Microbiology has been concerned over the past several years that the level of funding for the Environmental Protection Agency was inadequate for the essential research activities needed to protect environmental quality. The EPA appeared repeatedly to be in the position of reacting to deteriorating environmental conditions, such as releases of pollutants, with little scientific basis and little capability of prevention. Even in recent years, where increases in EPA funding have been promised, reallocation during the year and the specific assignment of funds to designated projects has prevented the EPA from performing essential research to prepare itself for future environmental problems.

The proposed fiscal 1991 EPA budget is significant in that it heeds the call from last year's Congressional appropriations committees to develop a proactive rather than reactive program of environmental protection. The proposed EPA budget attempts to balance the need for large dedicated projects, such as those associated with the global warming programs, with the innovative long-term research needed for solving future problems.

The proposed $5.2 million increase for research activities in new programs will help the EPA to develop essential scientific knowledge to improve environmental quality. This increase, however, is modest when you consider the many research requirements into oil spill clean-up technology, biotechnology research and solid waste management and disposal, to name a few areas that are critical for meeting national needs. Core research programs that focus on ecological monitoring and pollution prevention are critically in need of additional funding.

The American Society for Microbiology in particular supports efforts to provide increased funding for the EPA Exploratory Grants Program. Innovative ideas often result from unsolicited proposals. The ASM also supports additional new funding for bioremediation, a much needed area for research and application that enhances the natural activities of microorganisms to biodegrade pollutants. The initial effort focuses on oil pollutants in Prince William Sound, but future bioremediation initiatives should focus on other pollutants. It is important that the EPA take the lead in bioremediation. The agency must have funding for field demonstration projects and a $5 million increase above the Administration's request would be appropriate for this purpose. We would also ask that you consider adding $2 million to the appropriation for bioremediation information research and dissemination. It is important to the lay-American public that they understand how modern science such as bioremediation is harmonious with nature and beneficial to the quality of the environment.

We urge Congress to provide important funding for the continuing work by the EPA in the area of biotechnology which brings to the environmental field important developments based upon the understanding of how organisms function at the molecular level. The proposed budget estimate for the Biotechnology Risk Assessment Research Program is $8.8 million, a modest increase of $.5 million over FY 1990. Given the fact that over the past two years the EPA Biotechnology Risk Assessment Program has been able to fund only three new projects, despite peer review panel recommendations that at least ten projects submitted for consideration for this program were deemed highly meritorious for funding, a greater increase in funding this year is justified. The $.5 million proposed increase will not significantly reduce the backlog of projects currently awaiting funding and is therefore inadequate for the administration of a research program that looks ahead to future needs.

One area of serious concern within the EPA budget that we wish to flag is in the area of water quality as it relates to public health. Programs in this area will decline under the FY 1991 budget. We would point out that improvements in our understanding of the spread of pathogenic microorganisms through water supplies and the development of appropriate technologies for testing and treatment of water to minimize the spread of such disease causing microorganisms, has greatly reduced the incidence of disease. Continued development of methods for surveillance of pathogenic microorganisms through the environment, including the development of new biotechnological approaches for this purpose, is critical for the future. We recommend that the proposed research programs in this area be increased.

In summary, the American Society for Microbiology urges the Subcommittee to adopt an increased appropriation for the essential research programs of the Environmental Protection Agency. We recommend that significant funding not be earmarked for particular projects that would detract from the overall ability of the EPA to develop the needed proactive research activities proposed in the budget. We urge the Congress to recognize that long-term research is needed to develop the capability of preventing environmental deterioration. The EPA will require a stable continuing appropriation commitment if the steps promised in this year's proposed budget for increasing research capability are to be effective steps towards maintenance of environmental quality and the prevention and remediation of pollution. The programs supported by the current budget allocation are but one step in protecting the environment and providing the science necessary for maintaining environmental quality in our industrialized world.

I would be pleased to respond to any questions from the Subcommittee.

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION, VETERANS AFFAIRS, NASA, EPA

WITNESS

BARBARA HANSEN, FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY

Mrs. **BOGGS**. Please, may we hear from Dr. Barbara Hansen, of the Federation of American Societies for Experimental Biology at the National Science Foundation.

Very nice to have you, Doctor. Good morning.

Dr. **HANSEN**. I am Barbara Hansen from the University of Maryland. I am Vice President for Graduate Studies and Research. I am also an active scientist, physiologist, and psychologist. I am here representing the Federation of American Societies for Experimental Biology, and that is an association of seven different societies that are concerned about research in the life sciences.

We have 30,000 members, many of whom seek funding through the various organizations covered by your subcommittee.

We would first like to thank you and your fellow Members for your excellent handling of NSF last year, and for what we believe to be your commitment to a doubling of that budget over the next couple of years relative to two years ago.

We think the commitment to double that budget is a wise one for the country and that it's an investment in the future of many areas of science that will advance us economically, as well as in science.

So I would strongly encourage you to continue the fine path we started last year. We have a special concern, of course, about the life sciences budget, and we are pleased to see the request for an increase in that budget, which we strongly support.

We are also concerned about the Veterans Administration medical research budget. It's a budget that is apparently targeted for some reduction at this point, and it seems to be in Congress to us at a time when the veterans are increasing in numbers and the problems of our elderly which are in many ways the problems most researched by the VA medical research budget are growing and not decreasing.

Clearly we need a great deal more in those targeted areas that are, the focus of the VA, diabetes, Alzheimer's, musculoskeletal problems, and mental disorders. We think that it would be a mistake to reduce those funds.

I would like to add one other comment about the asset that you get in supporting that research and that is that the quality of the medical care for the veterans is substantially affected because I honestly say good people want to go where there is good research and good opportunity, and they don't want to go to backwaters.

When I entered this field 25 years ago, the VA hospitals were backwaters, and I think medical research has really helped to transform them and the funds to the universities has helped to transform them.

And those people who are employed there need a competitive fund of research money.

So I would encourage you to reconsider that item, especially. The life sciences division of NASA is also an area of concern. I think the Administration has spoken to its goals, and I had lunch with a researcher from that field the day before yesterday who said there is a tremendous amount of physiological life science research needed before man can begin to stay in space for long periods of time, that there is just too many physiological aspects such as calcium mobilization, that we just do not know how to prevent or handle.

So it's going to take significant investment on that side of the NASA budget before humans will be able to really function in a major way in space. I would like to echo Dr. Atlas' comments on the EPA. I need not repeat them, but we certainly commend his comments to you. We share the concern that we aren't putting enough research into the biotechnology aspects of the environment. And we would encourage you to look favorably on that.

I would be happy to answer any questions.

Mrs. BOGGS. Thank you.

Mr. Green?

Mr. GREEN. When I visited an institution in my district, which was involved, Rockefeller University, I asked them whether they had any major interest or saw any likelihood that zero gravity biological research, I was referring primarily to plants, was going to be particularly useful back on the earth as opposed to the uses that you indicated, which obviously we have to know if we are going to have people for long periods of time in space.

They did not see that as a very high priority in their research in terms of terrestrial uses. Do you have a different feeling on that?

Dr. HANSEN. I certainly do. If you think back to the beginnings of the space program, we didn't think they were going to produce the material science that they produced, and certainly it's revolutionized material science today.

And I think the same is true for the research on life sciences. We know almost nothing about bed rest, for example, and how to handle it. The process that takes place in bed rest is very slow and very gradual, and we suspect that it's accelerated in space when you take all gravity away, all bone stress away.

So that if we can make breakthroughs in terms of understanding calcium mobilization, we should be able to handle bed rest and incapacitated people a lot better.

So I think there is a major need for terrestrials.

Mr. GREEN. I had not asked them about the human research. I had asked them about plant research. Thank you.

Mrs. BOGGS. Mr. Coughlin.

Mr. COUGHLIN. If you had to set priorities between the NASA's life sciences division, which is receiving a request increase in funding, and the VA's, Veterans Affairs Medical Research was receiving a decrease in funding, how would you approach those priorities?

Dr. HANSEN. Which firing squad do I want? Well, at this point, it would not be possible for me to respond on an institutional basis on behalf of the association because we have people who obviously have commitment in both directions.

So all I can comment on is my personal view, and I think if you have to make such a tradeoff, which I would strongly question, I would have great concern about cutting back on the VA research budget.

So I think I would start by remedying that cutback, and then look at where the increments should go.

Mr. COUGHLIN. I appreciate it.

Thank you very much.

Mrs. BOGGS. Thank you so much. That was excellent testimony.

Dr. HANSEN. Thank you.

[The statement of Dr. Hansen follows:]

FASEB FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY
9650 ROCKVILLE PIKE • BETHESDA, MARYLAND 20814
TELEPHONE 301 530 7000 • CABLE ADDRESS: FASEB, WASHINGTON, DC

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WILLIAM L. DEWEY, Ph.D.
President

JOHN R. RICE, C.P.A.
Acting Executive Director and Comptroller

STATEMENT OF BARBARA HANSEN, PH.D.

FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY

before the

HOUSE APPROPRIATIONS SUBCOMMITTEE ON VA, HUD, INDEPENDENT AGENCIES

Testimony concerning FY 1991 appropriations for
Biological and Medical Research at the

NATIONAL SCIENCE FOUNDATION
DEPARTMENT OF VETERANS AFFAIRS
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
ENVIRONMENTAL PROTECTION AGENCY

May 3, 1990
10:35 a.m.

OFFSET
CAMERA COPY

Mr. Chairman:

My name is Dr. Barbara Hansen, and I am Vice President for Graduate Studies and Research at the University of Maryland at Baltimore. I am testifying today in support of basic biological and medical research funded by the National Science Foundation, the Department of Veterans Affairs, the National Aeronautics and Space Administration, and the Environmental Protection Agency.

I am appearing before you on behalf of the 30,000 scientist-members of seven Societies that comprise the Federation of American Societies for Experimental Biology. The Federation is a nonprofit organization whose purpose is to disseminate new knowledge in the life sciences through its meetings, publications, and programs. The members of the Federation conduct research on the cutting edge of the life sciences. They also help to train the next generation of scientists.

We appreciate the fact that you understand the importance of basic research to progress in the life sciences. Basic research pays off in unpredictable ways and at unexpected times. Research on an interesting problem with no known relevance to disease may turn out to play a crucial role in resolving an entirely different problem. That is how biotechnology was developed.

We need to nurture a broad platform of basic research to help us solve not only the problems we face today, but also to be prepared to face new challenges we cannot yet foresee. Research on retroviruses was begun long before the AIDS virus was discovered, but the foundation of that research was essential to our ability to identify the cause of the disease and to begin dealing with its consequences.

Each agency within the jurisdiction of this subcommittee has its own unique mission and its own particular research responsibilities. The Federation urges you to provide the maximum possible support for all biological sciences research in those agencies.

NATIONAL SCIENCE FOUNDATION: We in the scientific community are grateful for the efforts Chairman Traxler, Representative Green, and others on this Subcommittee made last year to provide the best possible funding for NSF in a difficult fiscal climate. The administration and the Congress are on record as favoring a doubling of the National Science Foundation Budget between FYs 1989 and 1993, a goal that the Federation also supports. For FY 1991, however, the administration has requested only $2.4 billion, rather than the authorized level of $2.8 billion. We urge you to do your best again this year to provide NSF with the maximum possible support.

NSF provides important research funding in the life sciences through its Biological, Behavioral and Social Sciences Directorate. For FY 1991, the administration has requested $328 million for BBS, which is an increase of $34 million or 11.6% over the FY 1990 appropriation. Among the projects BBS would like to begin next year is to map and sequence the genome of the plant Arabidopsis. BBS hopes to spend $4.47 million next year on this project, which will involve scientists from several disciplines and funding from various federal agencies. Mapping and sequencing the relatively simple genome of Arabidopsis will aid in developing techniques to be applied to mapping and sequencing the genomes of more complex organisms. BBS also plans to provide

$1.5 million to support the development and standardization of databases that can readily be shared across the breadth of the biological sciences.

Science education is an area of intense interest because of its potential impact on our future. It is widely accepted that science education in this country must be improved or else there will not be enough well-trained scientific personnel as the U.S. enters the 21st century. Strategies for dealing with the dearth of qualified American scientists must start with programs to provide excellent science education in elementary and secondary schools, but there must also be programs to assist and encourage these students to pursue their scientific studies and to enter careers in the field.

For FY 1991, $251 million has been proposed for programs within the Science and Engineering Education Directorate. An additional $212 million is proposed for other educational activities within the research directorates and for related activities, such as providing awards to new investigators. The Federation supports these proposals.

DEPARTMENT OF VETERANS' AFFAIRS MEDICAL RESEARCH: Once again, the Administration is proposing unacceptable cuts in DVA Medical and Prosthetic Research. This program funds medical research into the diagnosis and treatment of a broad range of diseases of particular relevance to veterans, such as heart attack, stroke, hypertension, circulatory disorders, cancer, lung diseases, immune system disorders, Alzheimer's, medical problems of the elderly, drug and alcohol dependence, spinal cord and head injuries, and neurological disorders.

The administration proposes to decrease the DVA budget for health research by $14 million in FY 1991 to $199 million. The Federation strongly opposes this unwise proposal. We concur with the recommendation of the "Friends of VA Medical Care and Health Research" that the DVA spend $219 million on the biomedical research component plus $15.5 million for special research projects in FY 1991. The increase for biomedical research will enable the DVA to fund more of the meritorious research grants approved by its scientific review panels and will improve its ability to recruit and retain qualified medical researchers. The special research initiatives include projects involving AIDS, mental illness, and nerve regeneration. An active DVA research program assures veterans that the highest quality health care will be available to them. Also, since the health problems DVA researchers investigate do not affect veterans alone, the discoveries made through DVA-sponsored research ultimately benefit everyone.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION: The FY 1991 budget requests $163 million for NASA's Life Sciences Division, an increase of $57 million over its FY 1990 appropriation. The Federation supports this request. The Life Sciences Division has as its missions to meet human needs in the exploration of space and to conduct basic research. The former involves building up a scientific and technological foundation for the development of medical and biological systems needed for exploration and habitation of space. The second aspect of the program involves study of the origin, evolution, and adaptation of all life forms.

Last summer President Bush called on the U.S. to commit itself to exploring the solar system and establishing permanent settlements in space. Life research will be a critical factor in the success of U.S. plans to build Space Station Freedom, establish a permanent base on the moon, and journey to Mars. The Biomedical Monitoring and Countermeasures (BMAC) program is one example of the activities intended to assure crew health and safety during extended missions in space. Among the issues to be explored are the effects of microgravity on human development, metabolism, and physiology, including bone demineralization, muscle atrophy, and cardiovascular deconditioning. However, this and all NASA life sciences research has implications for expanding our understanding of disease processes that affect all of us here on earth.

ENVIRONMENTAL PROTECTION AGENCY: Concerning the EPA, it seems that the agency is of two minds with respect to biotechnology: Some parts of the EPA regard biotechnology as an environmental hazard, while other parts recognize the enormous potential it offers for environmental cleanup. The Federation is concerned that so little money is provided at present for research into how microbes can be used to attack environmental pollution problems. We therefore urge that EPA devote more of its resources to programs using biotechnology as part of the solution to environmental cleanup.

In sum, Mr. Chairman and Members of the Subcommittee, the Federation again wishes to note with gratitude the efforts you have made in the past and to urge your support for the funding levels we have recommended for life sciences research at NSF, DVA, NASA and EPA.

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

GREGORY FARRINGTON, DIRECTOR, THE LABORATORY FOR RESEARCH ON THE STRUCTURE OF MATTER, THE UNIVERSITY OF PENNSYLVANIA

Mrs. BOGGS. Please, may we hear from Gregory Farrington, American Council on Education, Association of American Universities, Association of Graduate Schools, Council of Graduate Schools, and the National Association of State Universities and Land Grant Colleges?

You may proceed as you wish, sir.

Dr. FARRINGTON. I won't proceed by reading the statement, it's long, it's eloquent, and you would cut me off long before I finish.

I come from the University of Pennsylvania, as you heard. I am head of one of the NSF's major material research centers in the United States.

I have spent seven years in industry. I have degrees in chemistry and am about to become Dean of Engineering, so I have done it all and seen science and technology from many different perspectives.

Of course, I am here with enthusiasm to speak on behalf of the NSF budget. Instead of talking about statistics and talking about what has gone down and what has gone up and so forth, I thought it would be perhaps more useful to talk about people, because in the end, in my mind, the most important impact of NSF spending, besides technological competitiveness, besides science, besides our base for the future is, in fact, the people they create for the future and the people whose lives are affected today.

It's a monumentally frustrating time to be in science and engineering, and I will tell you why.

Twenty-five years ago, for example, in materials, we created the field of material science. We brought together the kinds of people who together could create such new advances in microelectronics, in lasers, in everything from fusion, which I won't mention this morning, that's not our topic, and we have seen it flower and we have seen that program which the NSF sparked and is like many programs that NSF has supported.

And now we have seen so much of what we created being taken advantage of by people who somehow come from beyond the shores of the United States, and we see ourselves in a very troublesome time.

It's as if our team had discovered the new world. It's as if we had been on Columbus's ship and we had sailed back, and we faxed out all the news about what we had discovered. And then our ship was held back in port while the rest of them were set in sail.

And if you live in a real laboratory where, as they say, real bullets fly, that's the sort of frustration you feel. The attempt to double the NSF budget was an attempt that gave us some hope, because there was some possibility that maybe we could begin to get back to where we belonged and what we had 10 and 15 years ago in the sense that America could continue to be a leader in these fields.

More and more though, we begin to wonder whether that's going to happen. The biggest impact is that today, where laboratories are running, they are on flat funding. They are on decreasing funding, but they are running.

The most troublesome impact is going to be in 10 years or 15 years. The time scale for science and engineering is long. And by the time we realize we are in a crisis, I mean by the time the New York Times realizes we are in a crisis, we are already so much in that it's going to take 10 or 15 years to get out of the crisis.

What impact does it have? The kind of graduate students we support, the number we support, and it's a very frustrating issue of convincing American students to go into science and engineering. So it impacts the seed corn, in a sense, and right now we are eating that seed corn.

We have the great advantage or distinction of being respected all over the world for our sciences and engineering and therefore having students from all over the world be sent here to leave behind a few publications and take back their brains back home with them.

And we know we are going to hear from them 10 years down the road. We have the great frustration of when undergraduate students say should I go into science and engineering on a Ph.D. level, should I set my sights on being a university professor, well, honestly, if you take your responsibilities seriously, that you have to say it's going to be a very tough road because getting the funding, getting a start in the system is extremely difficult.

All of that has an impact on what we are going to see in five years, and that is a great shortage of faculty, American faculty, and a continuing shortage of talented, well educated American students to fund what is absolutely the core to our security, and that is technology and the mastery of technology.

This rising tide, you might say, of mediocrity is now reaching our universities. There is an illusion that our universities are immune from. It's happened.

The equipment is old, the faculty are shrinking, students are not adequately supported, and we see that. We know the future, we know what the inevitable consequence is. The inevitable consequence, in my mind, is vaguely Third World status in science and engineering by 2000.

That is not our choice because that is not what we are about to create. That is our frustration, and that is why all I wanted to say is people are extremely frustrated by that. The bitter fruits of that are going to be tasted five or seven years from now.

Then it's going to take 10 and 15 years to recover from that, and what is lost is 25 or 30 years, and you cannot lose that these days because there are other teams out there.

I love being on the American team. I am enthusiastic about it, but right now, the American team seems to be in port while a number of other teams are educating their students, supporting their researchers, and setting sail for what is going to be the future.

That is what we are about. We are not about expenses today. We are about setting sail. And that is the level of frustration that really doesn't—it's not out of greed. It's not out of just wanting to have your salary supported. It's about knowing what we can and can not do to get there and knowing how important it is.

That's it all in one simple statement. I am happy to answer any questions that you might pose.

Mrs. **Boggs**. Thank you very much.

Mr. Green?

Mr. **Green**. You mentioned equipment, and that brought to mind the fact that we face something of a dilemma in terms of funding, Title I versus Title II of the National Science Foundation, and the Administration position, and I guess Dr. Bloch's position personally, has been that he could not support funding for Title II unless we had fully funded the request under Title I.

And his argument is that there is at least some money in the Title I grants that, in fact, doesn't buy equipment for researchers as part of their projects.

Our Senate colleagues obviously disagreed with that, and last year, we reached a compromise at the $20 million level, as I recollect, with some understanding that we would not go beyond that for a couple of years.

But what would your advice to us be on that?

Dr. **Farrington**. Well, naturally, the simplest advice is we need both, of course, but everybody says that.

If I had to make a choice between people and between equipment, I would choose people. We can, if we have to, and I don't like it at all, because we absolutely need the equipment, too, it's desperate, but gosh, we can maybe find the equipment next door or in the next state or the next country.

It's the people who have to be educated. It's that when we have to create and maintain the country, and all the equipment in the world won't make up for the people.

Mr. **Green**. Thank you.

Mrs. **Boggs**. Mr. Coughlin?

Mr. **Coughlin**. Thank you.

In your prepared testimony you cite the fact that 60 or 84 competitive research programs are below their 1988 levels, and you cite the number of programs that you indicated had been cut back.

We have been increasing the funding for the National Science Foundation over these years. Is this because of a change in priorities?

Dr. **Farrington**. It's because of several issues. I think, as part of the impetus to increase the funding, the NSF took on an additional set of responsibilities, particularly in education, doing something about high schools, doing something about elementary schools, doing something about the whole educational challenge, but the funding didn't rise at a rate commensurate with the assumption of new challenges.

And so the money had to come from some place. Today, in the materials programs, these beautiful, beautiful flowers have created so much in this country. There used to be 14; there are nine today.

If you get perfect reviews every three years, which is a dream of an MRL director, you know, you get flat funding for three years, which means you could decrease the funding for three years.

These are the cream of the crop. And that means this year when we have four new outstanding faculty members to support, we can support one, and that is the reality.

Now, there are many new educational things. I think they are desperately needed. But you cannot try to educate people and then say but there is nothing to do once you get there because then you don't get anyone into the educational track.

And that is the frustration. It's a mismatch between reach and energy, or between goals and money.

I am not criticizing the choices made by the NSF. They are rough choices they have to make. But it impacts real excellence, and it's just a very serious situation.

It's real.

Mr. COUGHLIN. Thank you, Madam Chairwoman.

Mrs. BOGGS. Do you think the added competition from the newly emerging democracies in Eastern Europe will have an impact upon our system?

Dr. FARRINGTON. We haven't seen anything yet.

I think we have had it too good for too long, in a way, that we forgot we have to hustle, and we are being shown that we have to hustle by Japan, all this business about barriers and all that is great.

What we need is hustle. We are soon going to be shown we have to hustle by the European Economic Community, once they start talking one reasonable version of a language and get together, and it's going to happen, not to mention Eastern Europe.

The path out for these countries is in science and technology. Somehow we led the way. We showed it. We created it, and somehow we seem to have forgotten what got us here.

And it will be at our peril. So yes, tremendous threat. I don't want to work in Warsaw. I want to work in Philadelphia.

Mrs. BOGGS. Congratulations on your new deanship, and thank you very much for being with us.

Dr. FARRINGTON. Thank you.

[The statement of Dr. Farrington follows:]

TESTIMONY

PRESENTED BEFORE

THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES

U.S. HOUSE OF REPRESENTATIVES

HEARING ON THE

NATIONAL SCIENCE FOUNDATION BUDGET FOR FY 1991

MAY 3, 1990

PRESENTED BY

Gregory Farrington, Director
The Laboratory for Research on the Structure of Matter
The University of Pennsylvania

ON BEHALF OF THE

AMERICAN COUNCIL ON EDUCATION

ASSOCIATION OF AMERICAN UNIVERSITIES

ASSOCIATION OF GRADUATE SCHOOLS

COUNCIL OF GRADUATE SCHOOLS

NATIONAL ASSOCIATION OF STATE UNIVERSITIES
AND LAND-GRANT COLLEGES

Mr. Chairman, Members of the Subcommittee:

My name is Gregory Farrington, and I am Director of the Laboratory for Research on the Structure of Matter at the University of Pennsylvania, which receives support from the National Science Foundation. Later this year, I will assume additional duties as Dean of the School of Engineering and Applied Sciences. I am pleased to speak in support of the FY 1991 budget request for the National Science Foundation.

I present this testimony on behalf of the American Council on Education, the Association of American Universities, the Association of Graduate Schools, the Council of Graduate Schools and the National Association of State Universities and Land-Grant Colleges. The members of these national organizations include virtually all of the universities for whom the National Science Foundation is a key federal support agency.

I wish to speak briefly to three aspects of the NSF budget request: its research programs; human resources; and academic research facilities.

Research Programs In Stress - The Reality of Failed Goals

Three years ago, the Administration moved to address serious deficiencies in national priorities and investment policies for research and education by announcing a national goal to double the NSF Budget to $3.2 billion in five years, by Fiscal Year 1992. Congress agreed. A five-year bill to accomplish that goal passed overwhelmingly, by votes of 405-5 in the House and 88-1 in the Senate.

Now, three years into the five year plan, and despite the best of intentions on all sides, we can only conclude that appropriations for fiscal years 1988, 1989 and 1990 effectively abandoned the doubling goal. Many research programs now are losing, not gaining, ground. Adjusted for inflation, nearly 60 of 84 competitive research programs are now below their 1988 levels; many have absorbed reductions of 10 percent or more. These programs include:

- 14 of 23 research programs in the Biological, Behavioral and Social Sciences;
- 16 of 20 Engineering programs (11 are cut by 10 percent of more);
- 21 of 27 Mathematics and Physical Sciences programs; and
- 5 of 14 programs in Computer and Information Sciences.

This year, as a result of the reductions taken in the FY 1990 budget, all research awards were further reduced by two percent; many of these reductions were imposed after awards were announced and commitments were made by investigators to their graduate students. NSF estimates that 4,700 fewer researchers and graduate students will be supported this year. No new interdisciplinary science and technology centers will be established, and many of centers previously established already are significantly underfunded.

This year, a new timetable is announced as part of the budget request for Fiscal Year 1992. The budget recognizes the disappointing outcomes of the last three years and, in response, sustains the original goal but delays the timetable for achieving it by two years to Fiscal Year 1994. Still, we seem poised to fail again.

Some question whether the failure to attain NSF's goal is a serious blow to our national life and our future prospects. Do not hard times require sacrifice from all agencies and all constituencies? Yes, all can stipulate that, indeed, these are hard times. Universities, especially, recognize this. But if we confuse the goal of doubling our investment in NSF programs with the pressing institutional needs of our universities we miss the larger point: our future as a vital, productive society has an essential and direct link to the mission and programs of the National Science Foundation.

Our future ability to compete in the international marketplace depends on a great many factors. Among these are the effects on our workforce of widespread functional illiteracy and inadequate schools, of the weakening of the family, of widespread drug and alcohol abuse, and, in some industrial sectors, weak management and outdated manufacturing capabilities. Most of these problems lie beyond the purview of the National Science Foundation, of our universities, and, indeed, of this Subcommittee. Research and education alone do not hold the whole answer to our economic challenges or to an improved standard of living either for us or for our competitors. But our investments in science, engineering and education are essential elements of genuine solutions to our current problems and our future progress. If we fail to make these investments, we are certain to diminish our prospects for success.

This is why the recent erosion of the NSF research programs is cause for serious concern. Our investments in the creation of new knowledge and in the education of the next generations of scientists, engineers, teachers and managers will largely determine whether we retain our position as a world leader or relinquish it to others. The Foundation plays an essential leadership role as the only federal agency which invests in research and education in science and engineering as its sole mission. The following trends are illustrative of the changes and the importance of the Foundation's programs:

- Europe is overtaking us in its investment in civilian research and development. In, 1989 civilian R&D expenditure in the European Community (EC) and the European Free Trade Association (EFTA) combined exceeded ours for the first time. In 1992, the EC alone will probably pass us.

- Since 1963, the percentage of U.S. patents granted to residents of foreign countries has doubled.

- Since 1963, the fraction of our population engaged in science and engineering has remained unchanged, while the corresponding proportion has tripled in Japan and West Germany

- While demographic trends point to the continuing decline in the presence of white males in science and engineering; we are tapping insufficiently the pool of potential women and minority scientists and engineers. In only ten years, most new entrants into the U.S. labor force will be women and minorities.

- The U. S. trails France, West Germany, Japan and the U.K. in the percentage of students selecting engineering as their first degree, and we are behind all but Japan in the percentage of students selecting the natural sciences.

- Within a few years we must replace about half of our elementary and secondary school teachers and a similar proportion of our college and university faculties in the arts and sciences. Serious faculty shortages in many fields of science and engineering are already upon us.

The National Science Foundation plays a unique leadership role in nurturing the nation's science and technology base. It is the major source of federal investment in academic science in the physical sciences, environmental sciences, mathematics and computer sciences and the social and behavioral sciences. While NSF accounts for only about 3 percent of total Federal R&D investment, for some disciplines it is virtually the sole source of federal support. For example, NSF accounts for about 37 percent of support for high performance computing, and 20 percent of support for global change research. In combination with other agencies such as DOD and DOE, NSF accounts for more than 75 percent of total federal support in engineering.

Previous investments in research and graduate education have paid substantial dividends, including developments as exciting and diverse as revolutionary micro-machines narrower than a human hair, and new mathematical formulae that describe how the helical structure of DNA affects its ability to twist and coil, insights which will pave the way for new cancer therapies. New capabilities in robotics, in urban land use and planning, new measures of air quality, safer building construction in earth quake zones and improved technologies to ease the recycling of plastics all are flowing from previous NSF investments.

Studies by Dr. Edwin Mansfield at the University of Pennsylvania conservatively estimate that our annual rate of return on such investments is 28%. The U.S. Department of Labor estimates that technological innovation, which flows both from basic research and the insights of the graduates of our universities, accounts for 44 to 77% of our increased productivity.

The FY 1991 budget request would sustain such investments while expanding commitments to understand such wide ranging and important phenomena as global climate change and the sequence of a plant gnome, which holds promise for new breakthroughs in agriculture production, disease control and improved feed stocks.

The FY 1991 budget also buttresses investment in the individual investigator grant, which has eroded in recent years, while also providing for some new multidisciplinary centers and institutes. These modes of support are complementary, and both are essential to speeding the harvest of economic benefit from U.S. basic research investments.

Our leadership in basic research is rooted in decisions made more than 40 years ago to link together in our universities graduate education in the sciences and engineering with our basic research investments. The wisdom of these decisions is confirmed by the unprecedented flowering of basic scientific knowledge we have seen and, simultaneously, by the successive generations of new research scientists and engineer which our system has produced for our universities, federal laboratories, and industry. Other nations continue to look to our universities as models and leaders of how to do it right, and, as they enter the modern technological world, they are rapidly learning to imitate us.

Human Education and Human Resources Programs - A National Imperative

Turning to human resources and education, the NSF is playing a critical leadership role here as well with programs that now span the spectrum from grade school to postgraduate studies. NSF supports at least 7,500 undergraduates, 14,400 graduate students and 3,600 postdoctorals and 16,800 senior scientists. If the budget is funded at requested levels, NSF estimates that over 73,000 people (high school students, teachers, undergraduate and graduate students, postdocs and senior researchers) will be supported.

NSF proposes to sustain its effort to increase participation by under represented groups. Foundation-wide a 48 percent increase is proposed to improve participation by students, faculty and institutions in science and engineering programs; women, minorities and the disabled are priorities. More young investigators will be supported, with 200 additional Presidential Young Investigator awards are proposed. New efforts are proposed to assist able minority students to complete undergraduate programs and to make a successful entry into graduate schools. Undergraduate curriculum reform in science, mathematics and engineering courses will be supported and new interdisciplinary research programs undertaken.

At the precollege level, the Foundation is playing an important leadership role by increasing science teacher preparation and increasing support for related K-12 programs by 17 percent.

It is impossible to overestimate the importance to the nation of making the necessary investments in education and training now. Those who will receive their Ph.D. degrees in 2005 are already 12 years old. The college graduating class of 2005 is in kindergarten or first grade and the high school class of 2005 are today's two-year old toddlers. We must educate these children better than their older siblings, and we must attract more of them into scientific and technical careers. There also is wide spread agreement that we must increase scientific and technological literacy and competence. While state and local levels of government play the lead role at the K-12 level, the Foundation's programs are targeted to strengthen science teaching and to attract more youngsters into applying for admission to college --hopefully as majors in science and engineering. The FY 1991 budget request of the Foundation includes $347 million, an increase of $62 million for Foundation-wide education and human resources programs. These programs span K-12 to undergraduate and graduate programs.

Undergraduate programs will receive $105 million, an increase of 63% over last year. These investments will help attract more young men and women now in high school and college to go on to graduate programs within the next few years. These are the primary pipeline from whence will come the scientists and engineers who will replace the wave of retirees that looms just ahead.

The NSF Graduate Fellowship Program is being increased to 1100 awards, double the 1987 level. The program continues to attract outstanding young U. S. students into graduate studies, and it's expansion should be sustained.

However, attracting greater numbers of the academically gifted, while necessary, is simply not sufficient if we are to retain leadership in the intensifying economic, technological, and cultural international competition. By 2020 it is estimated that 70% of our work force will be minorities and women. Both groups are under represented in our present science and engineering classrooms. In 1987 Blacks, who make up 12.2% of the U.S. population, made up only 1% of the Ph.D. degrees awarded to U.S. nationals in physical sciences and engineering. Women account for only 6% of engineering Ph.D.s awarded, contrary to their better progress in law, medicine, and business.

The U.S. is failing to attract our best U.S. citizens as students into graduate programs, and we are coming to rely upon foreign sources not only for our Ph.D.s but for our new industry and federal labs and for university research scientists and engineers. In 1970 about 85% of all doctorates earned were U.S. nationals. It is now about 70%. But in physical sciences the drop was from 82% to 62% and in engineering from 73% to 41%. White male doctorate recipients have dropped from 17,000 to 12,000 between 1970 and 1988.

These figures are disturbing not only for U.S. defense interests; they don't bode well for our national competitive position across the board. Dr. Richard Atkinson, former Director of NSF and current Chancellor of the University of California, San Diego, has estimated the U.S. shortfall in Ph.D. output in science and engineering to be 7,500 by the turn of the century. U.S. universities are working at every level in the pipeline from preschool through K-12, the undergraduate years and in our graduate schools to turn this around, but they cannot do it alone. More adequate graduate-level financial aid must be one ingredient in addressing this problem. The NSF programs requested in the budget will contribute toward this need.

Academic Research Facilities - A Chronic Problem Growing Worse

During the 1950s and 1960s the U.S. federal government was a major partner in establishing quality research facilities in our universities. For more than 20 years we have been without a federal facilities investment policy in our joint national research enterprise. The states have made a valiant effort, foundations and the private sector have been generous; but there is now a serious problem in research facilities requiring a return of the federal partner to this national partnership. At its peak the annual federal contribution was $600 million, which today would be equivalent to $2 billion.

The problems posed by deteriorated academic research facilities have been well documented, and they are well known to this Subcommittee. Deferred maintenance, replacement, renovation and repair problems continue to grow as funds which ought to be spent on the basics such as roofs, utility systems, windows, masonry, and floors as well as replacement structures, are instead spent to meet immediate requirements for student financial aid, access for the handicapped, new quarters for research animals, supplies and services, salaries and health insurance. Neglected buildings degenerate faster and eventually these borrowings must also be paid through replacement of the building or much more expensive repairs. Individual universities now frequently report accumulated deferred maintenance and replacement needs of $300 million or more. Many institutions have borrowed funds to meet these needs, and they are reaching the limits of their ability to carry the debt load.

In its September, 1988 report to Congress, titled Scientific and Engineering Research Facilities at Universities and Colleges: 1988, the NSF noted that for every dollar the universities were then spending on repair and maintenance, they were deferring $3.60, and for every dollar spent on new construction, they were deferring $2.50. A report by the National Association of College and University Business Officers and the Association of Physical Plant Administrators estimates that the urgent facilities needs of the 104 leading research universities totals $7.2 billion. Since these reports appeared, nothing has happened to improve the situation, and frankly, we believe it is worsening.

In 1986 the White House Science Council urged creation in NSF of a research facilities program funded at a minimum of $500 million per year. Dr. Frank Press, President of the National Academy of Sciences last year called for a government-wide academic research facilities effort involving all science agencies at $1.25 billion per year.

The NSF Academic Research Facilities Modernization Program is a small but potentially important first step. Through competitive awards, it requires matching funds from non-federal sources . The FY 1991 budget proposes only $20 million for this important program in its second year, only 10 percent of the amount authorized for the program. Clearly, this is an inadequate amount. Even if funded at the fully authorized level NSF alone cannot carry the entire federal burden. Other agencies must play a role through their own direct matching grant programs, and changes are needed in federal costing and tax policies. At the moment the fledgling NSF program is the sole policy response to the problem.

We request increased funding for this account. However, for the reasons cited above, we emphasize that it should not be provided at the expense of funding for science and engineering education, and especially not at the expense of the research base.

Thank you for the opportunity to appear before the Subcommittee. I would be pleased to respond to questions.

THURSDAY, MAY 3, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

HON. JAMES L. OBERSTAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mrs. **BOGGS**. We will hear from our colleague, Congressman Jim Oberstar.

Mr. **OBERSTAR**. Thank you very much, Madam Chairman, colleagues, for the opportunity to come here and address your very significant portion of the upcoming appropriations scene that we will soon be dealing with on the House Floor, now that we have passed the budget.

I come here to thank this committee for its attention to the clean water needs of America, for the effort on both sides of the aisle in this committee to provide adequate funding to deal with those problems, and for the last year initiating program funding for the nonpoint source portion of our Clean Water Act that has launched us on a massive counter attack on the last frontier of clean water that has run off from open land sources.

And I want to address just three subjects. Toxic hot spots in the Great Lakes, the nonpoint source program, and the clean lakes portion of our Clean Water Act.

In the U.S. Canada Great Lakes Water Equality Agreement, and in the Clean Water Act of 1972 and in subsequent legislation, the EPA was directed and did come back to the Congress with a report on collection of toxic substances in particular areas in the Great Lakes.

Forty-two such toxic hot spots have been designated, nearly all of them in the United States, all but a dozen or so, those 12 or so being in Canada.

Of those hot spots, EPA was directed to pick out five demonstration sites.

They made little progress in doing so, little progress in finding out how to extract the sediments from the bottom reintroducing them into the water column; and once extracted, how to treat those sediments without further polluting the land or the water.

Now through synergism of the EPA National Water Equality Research Lab in Duluth, and the mining industry of Northern Minnesota, which I brought together, have come up with a proposal which is out lined in my statement which I will briefly summarize.

To use the technology of mining, which we separate waste material from the ore and apply that to separation of toxic substances, including toxic metals in bottom sediments, in harbors and elsewhere in the lakes, and to do so at a substantially lower cost than EPA projected.

EPA is projecting $400 a cubic yard minimum for treatment of these bottom sediments. The mining engineers say goodness, we get excited when we talk about tow of $3 a cubic yard for treatment of such material.

If we can apply our technology and from heavy metia, as it's called, heavy metia separation, we can do it for substantially less than a hundred dollars a cubic yard.

So the two entities, the National Resources Research Institute, NRI, as we call it in Duluth, an entity involving the State of Minnesota, private sector, the University of Minnesota, and the EPA Water Lab have developed a proposal which I submit for the record, treatment technologies for removal of bottom sediments and a three-part program in which the technology would be tested.

And two of the worst of those five, one of those is in Northern Michigan; and the other is Buffalo Harbor, but they are just two of the five worst, for a relatively modest sum, over a two-year period, of $900,000.

They are confident they can bring this technology into a full scale operational program. It wouldn't be in my district. I have no interest in it. But it benefits the lakes, it benefits one-fifth of the fresh water on the entire face of the earth.

And that is my purpose. I urge you to review that proposal and to give your earnest consideration for this joint Federal university-private sector effort that I really believe, after spending 20 years on this, has finally offered a ray of hope for dealing with the bottom sediments so that we don't continue to lose the bald eagles.

They are on the decline in the Great Lakes. They are on the rise elsewhere in our national forests, but they are on the decline in the Great Lakes because they are eating bottom feeding birds and fish that are taking up toxic substances and killing the bald eagles.

The cormorants with the crossed beaks that die of starvation because they have been deformed by the elderines and toxiphines that these bottom diving and bottom feeding birds are picking up from crustaceans and fish that they are catching, which feed on these toxic substances.

We are slowly destroying these extraordinary resources, unless we can get at this problem of toxic sediments.

The second point, as I urge you to continue with the effort initiated last year by this subcommittee at the leadership of Chairman Traxler, to fund the nonpoint source program at a higher level.

We are not asking for a big chunk of funding, but I think the Lakeshore Management Association of America has recommended a higher level. For this current year, it was $38 million. Whatever you can increase it above that amount would be very, very important.

And then a $15 million funding level for the Clean Lakes Program, those inland lakes where programs have been developed by EPA, it's one of their real success stories, of dealing a management plan to go in and clean up a lake, restore it to clean condition for body contact supports and other aquatic activities that then will keep that lake in a clean condition thereafter.

Those are dollars well invested, one of the few areas where we can reclaim our lost inheritance.

I thank you for your consideration.

Mrs. Boggs. Thank you for your wonderful testimony.

Mr. Green?

Mr. Green. I was wondering if your committee has looked at the question of how well the conversion is going from the Construction

Grant program to the Revolving Loan Fund, and what your feelings are on that?

Mr. **Oberstar**. I no longer chair the Investigations and Oversight Subcommittee, which the point you have raised was one of the subjects we were going to deal with this year.

Chairman Anderson now leads that subcommittee, but—my sense is that it's moving very, very slowly. There is another concern that states have expressed that there may be a cutoff of management administration funding for them to continue supervising the last of the Congress grants.

In many cases they don't have the personnel to, without the continued phase out of the Federal program support funding, oversee the implementation of the last construction grants. And that is something that I think merits your consideration.

Mr. **Green**. Thank you.

Mrs. **Boggs**. Mr. Coughlin?

Mr. **Coughlin**. Thank you, Madam Chairman.

I just appreciate our colleague's appearance here. His testimony and thoughts are also provocative, thoughtful and very articulate, and we are grateful for your contribution.

Mr. **Oberstar**. You are very generous. Thank you.

Mrs. **Boggs**. Your connection with Valcort, of course, is so immediate, and you have the added responsibility, obviously, for working with the Canadian officials. But I was sitting here thinking about the nonpoint sources of pollution, and when you recognized that the boundaries of the Louisiana Territory were defined by the Mississippi River and its tributaries, the lands that were salvaged by the Mississippi River and its tributaries were the boundaries of the Louisiana Purchase.

The consequence is that 41 percent of all the waters of the United States, including, of course, those from Minnesota, are coming down past my district in Louisiana, the Mississippi, as it winds its way to the Gulf of Mexico, and it's of enormous importance to us, of course, to tackle the nonpoint sources. And we are very grateful for your support of that.

Mr. **Oberstar**. I appreciate you mentioning it, Madam Chairman. It was, in fact, my predecessor, John Botnik, who at the invitation of your late husband invited John to come and chair the Rivers and Harbors Subcommittee to look at the raw phenols and chemicals of all manner that were being dumped into the Mississippi and literally boiling as they roll past New Orleans.

And it was that experience that jolted John Botnik to come back here, introducing legislation that became the first Clean Water Program and the first effort to move toward what we now see is a major nationwide effort.

It was that tragic sight of all the filth of the upper ten states, collected as you so well put it, at one point in the lower Mississippi that initiated this great program that they now call the Clean Water Act.

Mrs. **Boggs**. Thank you very much.

[The statement of Congressman Oberstar follows:]

STATEMENT OF HON. JAMES L. OBERSTAR
SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
Thursday, May 3, 1990

Mr. Chairman, and Members of this distinguished Committee, I come before you today to request your attention to several matters of importance to the Nation, my state of Minnesota, and the City of Duluth.

REMOVAL OF TOXIC SEDIMENT IN GREAT LAKES HARBORS

Mr. Chairman, as I'm sure you know, toxic sediments are one of the major, and perhaps the most stubborn, and certainly the most costly to remove, sources of pollution of the Great Lakes. The Clean Water Act amendments of 1987 authorized funding for removal demonstration programs at several sites along the Great Lakes. However, while I don't want to detract from EPA's efforts, it would appear that the Agency has not, so far, met with much success either from the technology or the economic standpoints.

The Natural Resources Research Institute's Minerals Research Laboratory, located at Coleraine, Minnesota, may well have the solution, which I will outline briefly for you today, and will be glad to expand on with you or your staff later.

Mining companies in Northeastern Minnesota's Iron Range have for many years extracted minerals from dross in tremendous quantities, at relatively little cost.

Using the technology and expertise available from the mineral processing field, the Coleraine Minerals Research Laboratory and the NRRI have developed a proposal to explore the various means to extract toxic metals and organic pollutants from contaminated bottom sediments commonly found in harbors and estuaries.

In addition to the promise of applying existing technology and expertise to this problem, the project could well dramatically reduce the costs of cleanup.

The high cost of toxic sediments removal under current technology arises not so much from the dredging as it does from disposal of the dredged materials. Application of the work already being done on heavy metal enrichment for the mining industry by the NRRI lab in Coleraine to Great Lakes problems has the potential to significantly reduce the amount of sediment which must be land-filled or otherwise dealt with -- cutting it from the roughly $400 per cubic yard under current toxic sediment treatment technology to the neighborhood of $100 per cubic yard!

I believe this is one of the most exciting potential breakthroughs that the Lakes have seen in many years.

Phase I of the proposal, ready to go in Fiscal Year 1991, would characterize typical bottom sediment samples, develop a treatment flowsheet based on bench scale laboratory tests, and specify the basic equipment required for a demonstration pilot plant.

This work could be accomplished for a very small sum -- $415,000 in FY 1991 for the full first phase.

The second phase, to be performed later, would include operation of a continuous pilot plant to demonstrate the technical feasibility of the process and to confirm design data. That phase would cost, over a future 18-month period, around $500,000.

The final phase would include design of a full scale treatment plant to operate on site, somewhere in the Great Lakes.

Mr. Chairman, while this proposal has not yet been formally presented to the Environmental Protection Agency, I intend to bring it to the Agency's attention in the near future.

I would propose to you that the proposal be funded through EPA's Office of Research and Development, and be directed to the Environmental Research Laboratory at Duluth. This laboratory already has historically been involved in research on Great Lakes pollution cleanup, and is the lead laboratory for fresh water sediment research. Further, it has been working with the Coleraine laboratory for many years on a broad range of research areas. It would be the ideal recipient of the funds.

Mr. Chairman, I have attached a copy of NRRI's scope of work, to give you a better idea of what the project would entail.

This is one of the most hopeful signs I have seen in a long time of wrestling with Great Lakes cleanup, and I urge you, as strongly as I can, to give it your fullest consideration.

NONPOINT SOURCES/CLEAN LAKES

Mr. Chairman, once again I sincerely commend you on taking the initiative, and the leadership position, in providing funding in the Fiscal Year 1990 appropriation for the Nonpoint Source Management Program, Section 319 of the Clean Water Act.

Those dollars have reaped rich benefits.

The roughly $38 million in program funds for Fiscal Year 1990 have all been allocated, and will be fully distributed within the next few weeks, to all but two states.

It is crucially important that this momentum keep building. Accordingly, I support the request of the North American Lake Management Society for $70 million for Section 319, and second their request of $15 million for the Clean Lakes Program, which so fittingly complements the Nonpoint Source program.

Nonpoint sources of pollution are responsible for the vast majority of the impairment of our lakes, streams and estuaries.

As early as 1982, the states in their biennial reports to EPA were reporting that almost all had some water quality problems caused by NPS. Half the states at that time said that NPS were a major or significant cause of their remaining water quality problems, and approximately 1/5 said NPS were the major source of water quality problems.

EPA's 1986 report, National Water Quality Inventory, underscored the importance of NPS as the major cause of water quality degradation:

- 65% of assessed river miles were impaired predominantly by NPS, as compared to 27% by point sources;
- NPS were the predominant cause of impairment of 76% of lake acres, compared to 9% by point sources;
- NPS were the cause of 45% of estuary impairment, compared to 34% for point sources.

The most recent 305(b) National Water Quality Inventory Report to Congress states that "Recommendations most often cited by the States concern the identification, prevention, and control of nonpoint sources of pollution."

Mr. Chairman, considering the proportion of pollution coming from NPS, Section 319 would be cheap at a much higher price than $70 million. However, given today's fiscal reality, I do support this number, as a reasonable increase over last year's funding, as a strong statement by Congress to the States that we intend to continue this program, and as a means to keep this year's momentum going.

I would also urge that you provide $15 million for the Clean Lakes program. The 305(b) statistics indicate that our lakes are still in serious trouble, primarily from nonpoint sources. The states and local governments have responded well to their lake management and nonpoint source responsibilities. Nearly all states are taking an active role in managing their lakes.

The $15 million will certainly be put to extremely good use as the nation continues its efforts to combat water pollution. I commend this figure to your consideration.

Thank you again for the opportunity to appear before you.

THURSDAY, MAY 3, 1990.

VETERANS ADMINISTRATION

WITNESS

DR. JOHN FARRAR, AMERICAN GASTROENTEROLOGICAL ASSOCIATION

Mrs. **BOGGS**. Please may we hear from Dr. John Farrar on behalf of the American Gastroenterological Association?

Welcome, Doctor.

Dr. **FARRAR**. Thank you, Madam Chair, Mr. Green, Mr. Coughlin.

My name is John Farrar. I am a physician and a professor of medicine at the Medical College of Virginia, and I am also the Chief of Staff at the VA Medical Center in Richmond, Virginia.

It's my pleasure to be here today on behalf of the American Gastroenterological Association, and the DDNC, to discuss the fiscal year 1991 funding for VA medical research.

I want to assure everybody in the room that I am speaking not as a VA employee today, but as a private citizen; and naturally, I am here on annual leave, and I do not have a government car.

The American Gastroenterological Association is an organization of 6,300 physicians specializing in the treatment of digestive diseases. Its members are dedicated to fostering progress in patient care, research, teaching, and continuing education in the field of gastroenterology.

The coalition is comprised of 22 national medical and voluntary organizations that are concerned with various digestive diseases. As all of you know, the system for the gut has got a lot of organs and a lot of diseases, and unfortunately, we have too many organizations.

But we have banned together in a coalition so we can try to speak with one voice. The VA Research Program is of special importance to the VA and the DDNC as it provides support for the research aimed at improving the medical care of veterans, including the thousands who suffer from digestive disorders.

We continue to focus primarily on diseases and disabilities that most commonly afflict veterans. Most recent accomplishments have improved the care given to veterans and in some cases, substantially reduced VA medical costs.

A recent VA sponsored study from California that has found a hormone that allows the damaged liver to repair itself. That is very important for many veterans.

As reported last month in the New York Times, a VA-sponsored study identified a bacteria that may cause chronic stomach ulcers. This has lead to dramatic new treatments for ulcer disease.

The discovery by a VA researcher of a tiny parasite that is believed to cause many cases of mysterious wasting illnesses in AIDS patients could uncover valuable treatment for this severe complication, and there are others.

Unfortunately, despite many marks of success, the research program has undergone severe funding constraints in recent years, and research opportunities have been drastically reduced.

In 1985, the VA funded 722 merit review awards, but this year, it will be funding only 539 projects. Furthermore, and this is the important point, ladies and gentlemen, the percentage of approved projects that receive funding has dropped dramatically from 80 percent in 1985 to 34 percent in 1990.

With such a large portion of high quality research proposals unfunded, the VA is missing some important opportunities. In the area of digestive diseases alone, last year the VA was forced to deny funding for several very meritorious projects.

One, in California, on ulcers, et cetera. Also, in Brooklyn, New York for intestinal dysfunction, which we really couldn't fund.

Such studies hold tremendous promise for improving medical care provided to veterans and the population at large. The VA's inability to fund them is most disturbing to me, both as a scientist and as a physician who has seen many patients still suffering with these conditions.

An inadequately funded research program, also, and this is very important to me as the Chief of Staff, hinders the VA's ability to attract and retain high quality physicians to provide care to veterans.

Physician researchers come to the VA largely because of the opportunity to conduct research, and to teach good medicine. The VA cannot compete for physicians, even against the universities, and certainly not against the private sector where money to be made by physicians is fairly large.

But they come because they want to be a part of a good program. Unfortunately, recent funding constraints have made recruitment and retention of good doctors increasingly difficult. At my own hospital in Richmond and at other VAs across the country, we have begun to see many of our most talented physicians opt to pursue their careers outside the VA.

In addition, it has become increasingly difficult to recruit young doctors to enter the system. This is particularly distressing to me because as these physicians leave, veterans are denied the budget of their skill and expertise as physicians and scientists.

If I am able to attract an excellent young physician scientist to spend a half time at the VA and a half time at the medical college of Virginia, and I can provide a lab and a good chance for funding, then I will have the secular soul of that physician.

I don't want to offend anybody, but I get their dedication. I get most of their time. As a first step toward addressing these concerns, the AGA supports the Friends of VA Medical Care and Health Research in recommending a fiscal year 1991 VA budget of $268 million. Of that amount, $252 million will restore the program to its 1985 level of an effort in terms of projects, cooperative studies, and career development awards.

In addition, $15.5 million will fund a limited number of special research initiatives to address health problems of particular concern to veterans, including AIDS, nerve regeneration, geriatric medicine, and mental disorders.

The AGA and the DDNC believes that a budget of $268 million is necessary in order to restore the VA research program, which serves the hospital system in so many ways.

An adequately funded research program enhances the quality of health services provided to veterans and allows them to receive the latest medical treatment.

It enables the VA to recruit and retain outstanding physicians. Frequently the program yields information on new health care strategies that reduce health costs and help the country. For these reasons we hope the subcommittee will carefully consider any request for increased funding for this vital program.

I know that Secretary Derwinski hasn't made a particular point of this, but he is in the position to do a marvelous job for the Department of Veterans Affairs, and I can assure you that research will go a long way toward helping us retain people and have an excellent academic medical program to care for our veterans.

Thank you for considering the views of the American Gastroenterological Association and the Digestive Disease National Coalition.

I would be happy to answer any questions.

Mrs. BOGGS. Thank you very much, Doctor. Mr. Green?

Mr. GREEN. I have no questions.

Mrs. BOGGS. Mr. Coughlin?

Mr. COUGHLIN. Thank you for your appearance here.

One of the difficulties we have on this committee and indeed in the Congress is choosing between various kinds of research.

And I must say yesterday when we voted to spend $5 billion for the superconducting Supercollider and I guess if you were part of it, you might disagree with me, but I ended up voting against it, because I believe these programs are so important and we are taking such a large chunk of money and putting it in one program and we are not putting money into programs like yours that are tremendously important to our Nation.

Thank you, Madam Chairman.

Mrs. BOGGS. Thank you.

I think that attracting young researchers and scientists and physicians into the VA system is the most important thing that we can do, not only for the care of veterans but for the advancement of science and medicine in the United States.

I am very grateful for your dedication to that. To think that such scientists and Nobel Prize winners, as Dr. Andrew Shallon in New Orleans was excited enough to stay in the program and to inspire other young scientists and physicians to come into it, you recognize the real work of the VA research system.

Dr. FARRAR. It really is marvelous. Saul Bellow, who was the coworker with Ros Yalow before his untimely death, was a great supporter of the VA.

Thank you very much.

Mrs. BOGGS. Thank you.

[The statement of Dr. Farrar follows:]

AMERICAN GASTROENTEROLOGICAL ASSOCIATION

STATEMENT REGARDING FY 1991 FUNDING FOR THE VA RESEARCH PROGRAM

Presented by

Dr. John Farrar
President of the
Digestive Disease National Coalition
and on behalf of the
American Gastroenterological Association

Before the

Subcommittee on VA/HUD/Independent Agencies
Committee on Appropriations
U.S. House of Representatives

May 3, 1990

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DENVER, COLORADO
303-270-7564

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DAVID H. ALPERS, M.D.
ST. LOUIS, MO
314-362-8940

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SIDNEY COHEN, M.D.
PHILADELPHIA, PENNSYLVANIA
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MARTIN BROTMAN, M.D.
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SLACK Incorporated
6900 GROVE ROAD
THOROFARE, NEW JERSEY 08086
609-848-1000
FAX: 609-853-5991
TELEX: 517108

AGA POSTGRADUATE COURSE
MAY 12-13, 1990

ANNUAL MEETING
MAY 13-16, 1990

SAN ANTONIO CONVENTION CENTER
SAN ANTONIO, TEXAS

OFFICIAL PUBLICATION: GASTROENTEROLOGY

My name in John Farrar and I am the chief of staff at the VA Medical Center in Richmond, Virginia. It is my pleasure to be here today on behalf of the American Gastroenterological Association (AGA) and the Digestive Disease National Coalition to discuss FY 1991 funding for the VA research program.

The American Gastroenterological Association is an organization of 6,300 physicians specializing in the treatment of digestive diseases. Its members are dedicated to fostering progress in patient care, research, teaching, and continuing education in the field of gastroenterology. The DDNC is comprised of 22 national medical and voluntary organizations that are concerned with various digestive diseases. The VA research program is of special importance to the AGA and the DDNC, as it provides support for research aimed at improving the medical care of veterans including the thousands who suffer from digestive disorders.

The VA research program continues to focus primarily on the diseases and disabilities that most commonly afflict veterans. Many recent accomplishments have improved the care given to veterans and in some cases substantially reduced VA medical costs.

- A recent VA-sponsored study found the hormone that allows the damaged liver to repair itself. This discovery holds tremendous promise for treating the 60,000 veterans who are diagnosed with liver disorders each year and the over 50,000 Americans who die annually of liver failure.

- As reported last month in the New York Times, a Va-sponsored study identified the bacteria that often causes chronic stomach ulcers. This discovery has led to dramatic new treatments for ulcer disease, which afflicts over 30,000 veterans each year.
- The discovery made by a VA researcher of a tiny parasite that is believed to cause many cases of a mysterious wasting illness in AIDS patients could uncover valuable treatments for this severe complication of the disease.
- Findings from a VA-sponsored study have led to more effective and less costly procedures for colon surgery. Based on an estimated 8,000 such surgeries performed each year, the VA will save $1 million in 1990 using these new techniques.

Unfortunately, despite its many marks of success, the research program has undergone severe funding constraints in recent years, and research opportunities have been drastically reduced. In 1985, the VA funded 722 merit review awards, but this year it will fund only 539 projects. Furthermore, the percentage of approved projects that receive funding has dropped dramatically -- from 80% in 1985 to 45% in 1990. With such a large portion of high-quality research proposals unfunded, the VA is missing some important opportunities. In the area of digestive diseases alone, last year the VA was forced to deny funding for the following meritorious projects:

- a study at the Ann Arbor, Michigan VA on stomach disorders,
- research at the Decatur, Georgia VA focused on alcohol cirrhosis,
- a study at the Sepulveda, California VA on the causes and preventions of ulcers, and
- an investigation at the Brooklyn, New York VA on intestinal dysfunction.

Such studies hold tremendous promise for improving medical care provided to veterans and the population at large. The VA's inability to fund them is most disturbing to me both as a scientist and as a physician who has seen many patients still suffering with these conditions.

An inadequately-funded research program also hinders the VA's ability to attract and retain high-quality physicians to provide care to veterans. Physician-researchers come to the VA largely because of the opportunity to conduct research. Unfortunately, recent funding constraints have made recruitment and retention of good doctors increasingly difficult. At my own hospital in Richmond and at other VAMC's across the country, we have begun to see many of our most talented physicians opt to pursue their careers outside the VA. In addition, it has become increasingly difficult to recruit young doctors to enter the system. This is particularly distressing to me because as these physicians leave, veterans are denied the benefit of their skill and expertise as physicians and scientists.

As a first step toward addressing these concerns, the AGA supports the Friends of the VA Medical Care and Health Research in recommending an FY 1991 VA research budget of $268 million. Of this amount, $252.5 million will restore the program to its 1985 level of effort in terms of projects, cooperative studies, and career development awards. In addition, $15.5 million will fund a limited number of special research initiatives to address health problems of particular concern to veterans including AIDS, nerve regeneration, geriatric medicine, and mental disorders.

The AGA believes that a budget of $268 million is necessary in order to restore the VA research program which serves the hospital system in so many ways. An adequately-funded research program enhances the quality of health services provided to veterans and allows them to receive the latest medical treatments. It enables the VA to recruit and retain outstanding physicians. Frequently, the program yields information on new health care strategies that actually reduce VA medical costs. For these reasons, we hope that this Subcommittee will carefully consider any request for increased funding for this vital program.

Thank you for considering the views of the American Gastroenterological Association and the Digestive Disease National Coalition. I would be happy to answer any questions.

THURSDAY, MAY 3, 1990.

NASA, EPA, NATIONAL SCIENCE FOUNDATION

WITNESS

ROBERT L. BALSTER, AMERICAN PSYCHOLOGICAL ASSOCIATION

Mrs. **BOGGS**. May we please hear from Dr. Robert Balster of the American Psychological Association?

Dr. **BALSTER**. Good morning. Thank you very much, Madam Chairperson and Members of the committee.

My name is Dr. Robert Balster. I am a research psychologist and a professor of pharmacology and toxicology at the Medical College of Virginia in Richmond.

It's a pleasure for me to follow my esteemed colleague, Dr. Farrar. I am here representing the American Psychological Association, which, as you know, is the leading scientific society representing psychologists.

There is a hundred thousand of us interested in research, teaching, service delivery, et cetera. I am here to speak on the budgets of three agencies, which you are dealing with; NSF, NASA, and EPA.

I just first off want to join the chorus of enthusiasm for the proposed doubling of the NSF budget over the next five years. We think it's an important step. We strongly endorse the foresight and decision of the President and Director Bloch in this initiative.

I am sure you can appreciate one of the areas of research that is particularly important to the Nation is behavioral and psychological research. If you just think about it, some of the major problems that we face and Members of this Congress face are problems that relate specifically to human behavior.

For example, drug abuse, violence, waste, education deficiencies, pollution of the environment, these are problems of human behavior fundamentally cured by changes in human behavior. Given this, we are concerned about why the proposed increases in the NSF budget are somewhat disproportional for the behavioral and social sciences directorate.

The overall increase for next year for NSF is 14.4 percent whereas for the behavioral and social sciences directorate is recommended for only 11.6 percent.

If you actually look at the divisions within the behavioral and social sciences directorate that are most concerned to scientific study of human behavior, these two divisions are actually slated for only 7 to 10 percent increases, again disproportionate to the overall NSF budget.

We really believe that behavioral social science research is at least as important as other areas, and we would ask the committee to consider trying to equilibrate those increases.

In turning now to NASA, again a pretty good story from our point of view. As you know, the goal of NASA is the long-term manned exploration of the solar system and the establishment of colonies here, there, and everywhere.

Of course, it's an important aspect of these types of manned activities is the psychological aspects of people living together in those extraordinary circumstances.

As a matter of fact, recently Soviet Cosmonaut Vladimir Korarov, who was in the National Academy of Sciences, upholds the world's record for longest time in space, testified that the most difficult preparation that he needed was a psychological dimension, even more so than fitness training.

Certainly if people are spending extended periods of time in space and on the moor, wherever, we are going to need to know an awful lot about how to arrange the environments to do this.

As you know, at NASA, the Life Sciences Division that is responsible for supporting research, including research on these types of living conditions, et cetera.

You know again that the Life Sciences Division had some severe budget cuts last year through a series of complicated events. The Administration addresses this problem somewhat by proposing an increase of $163 million. We would ask you to go even a little bit further and see if you could put an additional $15 million in there.

We recommend you consider a budget increase for Life Sciences of $178 million, which would actually restore the budget back to what that division's request was for last year.

What I would like to spend the rest of my time on is EPA. This is an institute with which I have a lot of familiarity and have some particular concerns. I truly believe that the problems of health research concerning the environment is an area that has slipped through the cracks in Congress and in science research.

And this is exemplified in the problems that EPA has. The problem we have is that we don't know enough about the chemicals that are out there in the environment. The National Academy of Sciences estimated in 1984 that there were 65,000 manmade chemicals out there that the citizens of the United States are exposed to.

Fifteen hundred new ones are coming into the environment every year. On most of these compounds, you will be surprised to know we don't have any safety data. Zero.

Now, the legislation that is designed to protect us from these problems, primarily FIFRA and TOSCA, are very good in conception. They are supposed to provide for premarketing safety, but they lack a commitment to obtaining data.

In the case of TOSCA, for example, it's the burden of proof on the government to force a sponsor to provide data. If the sponsor provides no data that a compound is dangerous, the EPA cannot request them to obtain data.

They need to have some evidence for assuming a risk, so that there is a terrible shortage of data on the safety of chemicals out there.

We don't have good methods for assessing this. Methods are crude. They haven't been very adequately researched, and I think they are not very cost-effective. They can be made more cost-effective.

Now, we have prepared some numbers, and they are in our testimony, in fact, on EPA's research budget and where the problem lies. The problem lies in two aspects of the EPA research budget in our estimate.

One of these is the Health Effects Research Laboratories, HERL. This is primarily intramural testing of the EPA in its own laboratories. The Heath Effects Research Laboratories has essentially seen more or less level funding over the last decade. As a matter of fact, in real terms in purchasing power, we estimate that the purchasing power of research for HERL since 1981 has decreased by 11 percent, in the context of what has been going on nationally in this area.

You notice that the Administration's actually proposed only a $3 million increase. This is from 47 to 50 million for 1991. This is a very, very small research budget for the Environmental Protection Agency.

You will see in a minute how this number compares to some others I will give you. But we are recommending 60 million for HERL, and that will be the beginning of a reversal of this decline in purchasing power for EPA research.

Finally, there is the Exploratory Research Program. This is the program of EPA that supports long range research, things such as the development of new methods, things along that line.

Now, I have a paragraph in our testimony that showed you some numbers on that, which you can look at at your leisure. But fundamentally, we have been looking at a decrease in support for the Exploratory Research grants program of a total of a high of $22 million in 1981 to $7.5 million last year.

Now, in terms of inflation, this would be an even much more dramatic decrease. Have you considered the health piece of that? The health effects piece of extramural research program at EPA was $2 million last year.

Now, if you consider just the following, as an example, if a pesticide is registered by the EPA, if it's subsequently found to be hazardous due to some subsequent data that wasn't collected before registration, then under FIFRA, EPA pays for the storage, the disposal, and indemnities for this.

So, for example, in fiscal year 1987, EPA paid approximately $30 million in indemnities for two herbicides, 2, 4, 5T and Silvex. This is $30 million paid out after the fact for pesticides that were registered without adequate safety data.

This is in contrast to $2 million being spent for research in the EERP program. I think you see my point on where the program lies here.

I would be happy to talk to you about why I think environmental health sciences research has sort of fallen through the cracks. I think it's a significant problem, and we hope we have your attention to it, and I thank you for the committee's time.

Mrs. BOGGS. Thank you very much.

No lack of interest on the part of Mr. Green and Mr. Coughlin.

We have a vote on the Floor. And we thank you very much for your excellent testimony.

Thank you so much.

[The statement of Dr. Balster follows:]

American
Psychological
Association

Advancing psychology as a science, a profession, and as a means of promoting human welfare

STATEMENT OF

Robert L. Balster, Ph.D.

Professor of Pharmacology and Toxicology

The Medical College of Virginia

on behalf of the

AMERICAN PSYCHOLOGICAL ASSOCIATION

before the

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Appropriations

Subcommittee on VA, HUD, and Independent Agencies

on the subject of

the Fiscal Year 1991

ENVIRONMENTAL PROTECTION AGENCY,
NATIONAL SCIENCE FOUNDATION

and

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

APPROPRIATIONS

May 3, 1990

The Honorable Bob Traxler, Chair
H143 U.S. Capitol

1200 Seventeenth Street, N.W.
Washington, DC 20036
(202) 955-7600

Mr. Chairman and Members of the Subcommittee, I am Dr. Robert L. Balster, Professor of Pharmacology and Toxicology at the Medical College of Virginia, and President of the American Psychological Association's (APA) psychopharmacology division. On behalf of APA -- which represents the concerns of more than 104,000 psychologists - I appreciate this opportunity to present testimony on Fiscal Year 1991 appropriations for the Environmental Protection Agency (EPA), National Science Foundation (NSF) and the National Aeronautics and Space Administration (NASA).

EPA FY 1991 APPROPRIATIONS

BEHAVIORAL AND NEUROLOGICAL TOXICOLOGY - Exposure to chemical substances can result in adverse effects on sensory and motor function, cognitive and intellectual performance, and emotional well-being. In severe cases, some substances can cause paralysis and death. Damage to the human central nervous system is rarely reparable and the economic and social costs to the affected individual and society are vast.

On March 6, 1989, I testified before the Senate Subcommittee on Toxic Substances, Environmental Oversight and Research & Development concerning the Subcommittee's investigation into cases of worker exposure to toxic materials in the aerospace industry. These workers were exposed to new materials used in the manufacture of the stealth bomber at the Lockheed Burbank Facility and the Boeing Seattle area plants. They complained of dizziness, irritability, loss of memory and concentration. These are all symptoms of exposure to a neurotoxic substance. This incident demonstrates the typical approach of responding to health effects stemming from chemical exposure only after dramatic cases receive media or Congressional attention. This, however, need not be the approach utilized in this country. **Rather, a proactive approach of screening potentially hazardous substances for their health effects should be adopted**.

THE NEED FOR TOXICITY TESTING AND RESEARCH - Chemicals have become an integral part of our daily lives; however, all too frequently, the toxicity of existing and new chemicals is unknown. The National Academy of Sciences (NAS) addressed the need for toxicity testing and research in a 1984 report, *Toxicity Testing: Strategies to Determine Needs and Priorities*. The study determined that there are more than 65,000 chemicals to which humans are likely to be exposed in use in the U.S. and approximately 1,500 new substances are introduced each year. Very few of these have been tested for adverse affects. Equally disturbing is that for large numbers of chemicals -- 38% of pesticides and their inert ingredients, and approximately 80% of the chemicals in commerce -- no toxicity data are available.

EPA HEALTH EFFECTS RESEARCH - To appropriately assess potentially toxic substances, EPA must have a data base upon which to make informed decisions, based on sound, scientific knowledge. Intra- and extramural research programs need the resources to conduct the long-range research programs necessary to provide this basic knowledge.

APA is greatly concerned about current and proposed levels of federal funding for health effects research at EPA. **We believe that the two EPA research programs which fund this type of research, the HERL and the ERG**

Program, are grossly underfunded and receive an inordinately small portion of the total EPA research budget.

There has been no growth in funding since 1982 for HERL's extramural research program. In fact, the total budget for HERL grew in current dollars from $40 million in FY 1982 to only $47 million in FY 1990, representing a decrease, in constant dollars, of 11% over this period. HERL funding for neurobehavioral toxicity research has increased about 13% over this period in real terms, but this increase is calculated on a disturbingly trivial base, growing from a mere $2.8 million in FY 1982 to only $5 million in FY 1990, in current dollars. For FY 1991, the President's budget proposal requests only $50 million for HERL.

The ERG Program has focused principally on long-range problems. However, its funding history reflects a serious erosion. Since 1981 the dollars allocated to this program have declined consistently (Figure 1). From a high of $22 million in FY 1981, funding for the program dropped to an all-time-low of $7.5 million in FY 1989. In fact, if funding for the ERG Program had kept pace with the cost of conducting research, as measured by the Biomedical Research and Development Index, it would have been funded at approximately $65 million in FY 1989, rather than $7.5 million. Similarly, the health research component of the program would have been funded at approximately $38 million, rather than $2 million. Clearly, there has been a dangerous erosion of research efforts which would help to protect human health from the adverse effects of chemical exposure.

We are somewhat encouraged by the President's proposed budget of $28 million in 1991, an increase of $10 million over the $18 million budgeted in FY 1990. Nevertheless, given the serious erosion that occurred in the ERG program over a protracted period of time, we believe that the President should go even further in his request and add an additional $7 million in FY 1991 bringing the ERG program to a total of $35 million in FY 1991.

APA recommends a significant expansion of both the HERL and the ERG Program. An authorization and appropriation of at least $35 million for ERG would help to restore a level of funding (in real terms) to this program that existed in FY 1981. Similarly, with regard to HERL, by increasing the budget from $47 million in FY 1990 to at least $60 million in FY 1991, Congress would help restore EPA's ability to fund high quality science.

To put these numbers into perspective, it is useful to highlight the costs of not conducting adequate research on the toxicity of potentially harmful substances. Under the Federal Insecticide, Fungicide and Rodenticide Act, EPA registers pesticides for use after it examines data provided by the manufacturers. After pesticide registration, EPA frequently discovers adverse effects that require suspension of marketing of the material, indicating the inadequacy of the original data and testing techniques used to register the pesticides in the first place. In 1987, EPA paid approximately $30 million in indemnities for the herbicides, 2,4,5-T and silvex. The FY 1987 and FY 1988 costs for storage of these two chemicals and EDB were about $8 million. How many other pesticides will be suspended and how many tens of millions of dollars lost as better data emerges? Against this context, we reiterate that the long-range extramural health research budget of the agency is only $2 million in FY 1989.

NSF FISCAL YEAR 1991 APPROPRIATION

APA strongly endorses the Administration's proposal to increase NSF's budget by 14.4% for FY 1991 to a total of $2.38 billion. Moreover, we applaud the President and NSF Director Erich Bloch for their foresight in proposing a doubling of the NSF budget over the next five years to $3.24 billion in FY 1993. These proposed increases signify a commitment by this Administration to invest in basic scientific research as part of this nation's goal to become more competitive internationally. We appreciate the Subcommittee's support for basic scientific research, which provides the requisite foundation for improving economic growth, productivity, and competitiveness. We urge your committee to approve the public resources needed to rebuild our scientific base and to ensure ongoing support for innovative basic scientific research.

BEHAVIORAL AND SOCIAL SCIENCES - There are many important contributions to be made by the behavioral and social sciences in addressing the critical concerns of our nation. An excellent review of some of the research areas showing great promise to serve national goals is contained in the extensive 1988 report of the National Research Council (NRC). This report, The Behavioral and Social Sciences: Achievements and Opportunities, recommends a "new national commitment to the behavioral and social sciences" and that the federal investment in the behavioral and social sciences be increased by $240 million annually to capitalize on the wide-ranging opportunities for scientific advances. Of this, some $80 million was designated for NSF.

The advances driven by this support would utimately be applied to many of this nation's most intractable problems - discouraging and treating drug abuse, improving education at all levels, and increasing worker productivity and organizational effectiveness. Translating basic science findings in the behavioral and social sciences into practical real-world applications often does not involve the tremendous hurdles that typify technology transfer efforts in other sciences. In fact, behavioral and social science findings often spread quickly through society and lead to effective and practical developments in government policy, industrial management, educational practices, and elsewhere.

The validity of these statements and the importance of behavioral science research has already been recognized by the House Science, Space and Technology Committee, chaired by Robert Roe of New Jersey. In its oversight of NSF 1990 programs (Report 101-309) it asked NSF to report by January 31, 1990 on four matters related to the behavioral and social sciences: 1) Review the recommendations in the 1988 NRC report The Behavioral and Social Sciences: Achievements and Opportunities and compare them with current directions; 2) Review current administrative arrangements for the management of research and educational activities to ensure that the most effective and responsive mechanisms are in place; 3) Prepare a summary of research and education activities in the behavioral and social sciences supported by NSF directorates other than the Biological, Behavioral and Social Sciences (BBS) Directorate during FY 89 and planned for FY 90; and 4) Document the composition of the National Science Board (NSB) by discipline over the past 20 years and describe the rationale in choosing its members by field.

Under the President's proposed budget, the BBS Directorate would increase 11.6% (to $327.5 million). BBS has six divisions, two of particular interest to behavioral and social science researchers -- Behavioral and Neural Sciences (BNS) and Social and Economic Science (SES). Less dramatic increases are proposed for these divisions: BNS - 7%; SES - 10%. Such increases are conspicuously lower than the 14% increase requested for NSF overall and would continue a decade-long real decline of over 30%, measured in constant dollars, for the behavioral and social science programs of NSF. The APA strongly recommends that funding increases for the BNS and SES divisions be made comparable to those of other divisions in the NSF.

The behavioral sciences have much to share with other disciplines and much that they can learn as well. Joseph Young, director of the Language, Cognition, and Social Behavior program, noted that the 1990s are the "Decade of the Brain" and that NSF should tackle the issue of cognitive science involving all the relevant disciplines. Without understanding the natural laws that govern human behavior and allow us to change behavior, we will not be able to develop or apply the means to address such problems as drug addiction and abuse, crime, declines in employee motivation and productivity and organizational effectiveness, and inadequate educational practices.

Our nation is at a critical juncture in scientific, technological, and social development and must devote adequate levels of resources to all these areas in order to preserve and maintain a livable world.

NASA FISCAL YEAR 1991 APPROPRIATION

On July 20, 1989, President Bush proposed that the United States commit itself to "a sustained program of manned exploration of the solar system and the permanent settlement of space". The President declared that we will build Space Station Freedom, go back to the Moon to build a permanent base, and then journey on to Mars. In response to the President's declaration, NASA undertook a 90-day study that developed a strategy for achieving the President's goals. As part of this effort, the Life Sciences Division defined requirements for meeting human needs in the exploration of space.

The success of extended missions will require a thorough knowledge of how to establish conditions that enhance human capabilities for living and working in space for prolonged periods of isolation and confinement. For the crew, long-duration space flight, such as the Space Station, will require separation from customary physical and social environments and confinement within a highly limited and sharply demarcated environment.

Isolation and confinement, experienced in similar ways by submarine crews and Antartic research teams, produce stress which can increase as the mission lengthens. This can result in boredom, depression, irritability, increased anxiety, disturbed sleep, fatigue, hostility, and lowered motivation. These symptoms reduce crew effectiveness and productivity.

According to NASA, problems are now being recognized concerning how available space capsules and systems affect human capabilities to perform effectively within small, confined, and isolated group in extended microgravity conditions. Preliminary reports from long-duration Soviet missions are disquieting. The focus is no longer solely on physiological survivability, but also on the environment and systems needed for humans to work effectively as part of a group to maintain psychological health under the projected conditions of space flight. Among areas targeted for research by NASA are:

crew/environmental interactions, interpersonal interactions, human/machine integration, crew selection, command and control structure, and crew motivation.

The Life Sciences basic research program is an interdisciplinary program that serves to advance science and technical knowledge and to optimize life support for human missions in space. The program has two major thrusts: the assurance of the health, safety, and productivity for space crew members; and the acquisition of fundamental scientific knowledge. The Space Exploration Initiative requires the assurance of crew health, safety, and productivity. The acquisition of fundamental scientific knowledge supports NASA's efforts to assure crew health and safety as well.

The President's FY 1991 budget request for NASA's Life Sciences Program is $163 million, compared to a budget of $106 million for FY 1990 and $79 million for FY 1989. The Life Sciences Division's budget request of $124.2 million for FY 1990 reflected the need to meet near-term flight schedules for five Spacelab missions and begin the definition phase for four more Spacelab missions to be launched in the mid-1990s.

During congressional deliberations on the Administration's FY 1990 budget request for NASA, proposals were made to reduce the $2 billion Space Station request by $400 million. Consequently, Congress reduced the $124 million Life Sciences budget request by $15 million, based on the assumption that Space Station schedules would stretch out and that Space Station-related Life Sciences programs could be delayed accordingly. Sequestration and other budget-reduction measures further reduced the FY 1990 Life Sciences budget to $106 million.

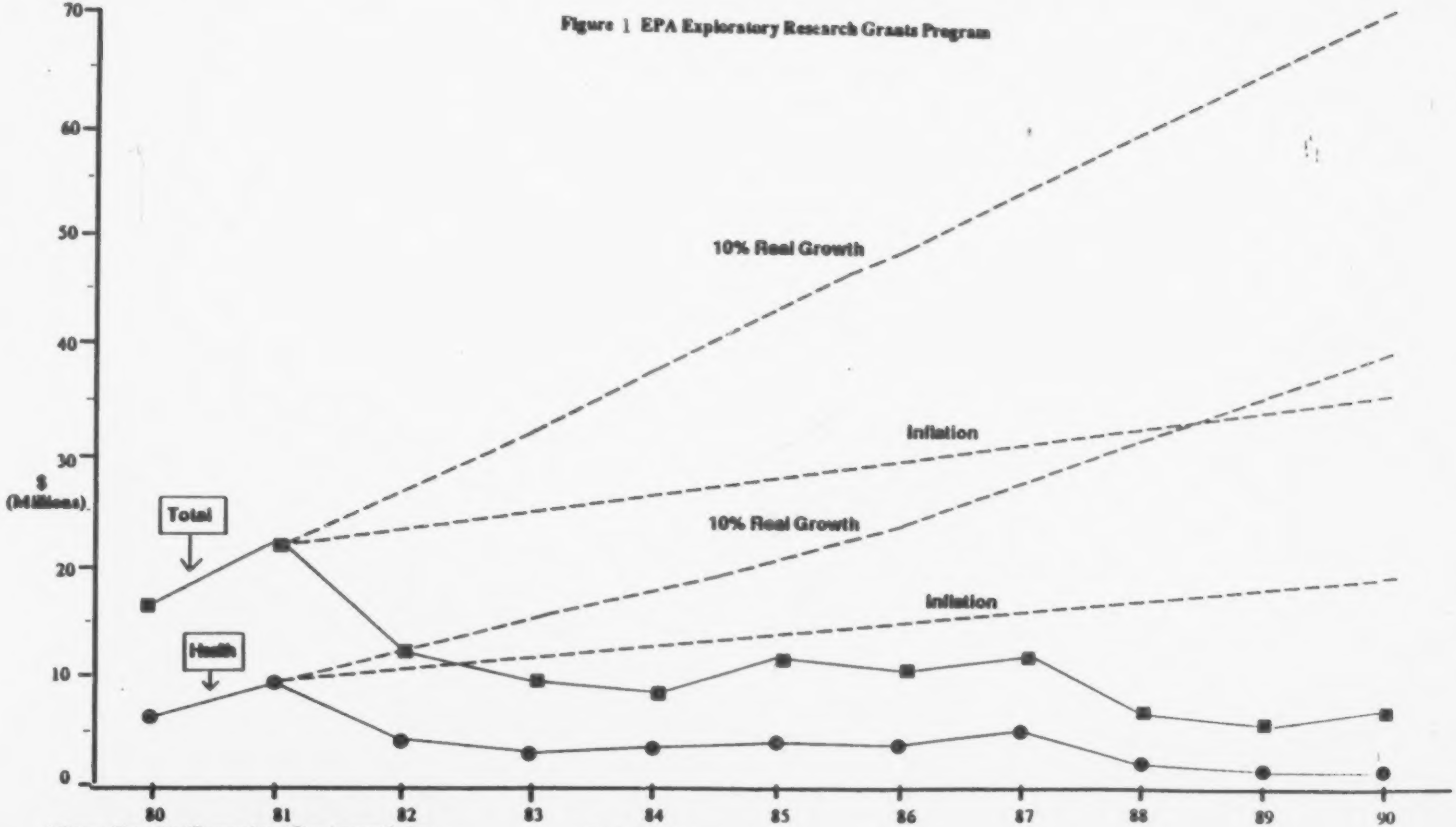
While Congress ultimately appropriated $1.8 billion for the Space Station program, it did not restore any funds cut from the Life Sciences budget, causing the Life Sciences Program to markedly reduce Space Station planning, and scale back planned Spacelab flights. Support to Space Station Freedom was seriously damaged: the Life Sciences Division had to reduce FY 1990 funding for three major Space Station-related programs by more than 90 percent.

Such deferrals place additional pressure on the FY 1991 budget. The APA recommends that the Life Sciences Program at NASA be funded at least at the FY 1991 proposed level of $163 million and preferably at a higher level of $178 million which would restore the $15 million that was removed by Congress from the FY 1990 budget.

At a recent meeting of the National Academy of Sciences, Soviet cosmonaut Vladimir Titov, who holds the world record for long-duration space flight, discussed his experience with U.S. life science researchers. His 366 day mission ended in December of 1988. He told those gathered that psychological preparation for long space flight is more important than physical training. In future long-range space travel and extended operations in space, psychological and life science support will play a much greater role. With these considerations in mind, it is important that the Life Sciences Program at NASA receive adequate funding to perform its important mission.

Mr. Chairman, I thank you for this opportunity to testify on these issues and would be pleased to answer any questions that you may have.

Figure 1 EPA Exploratory Research Grants Program



Inflation: Biomedical Research and Development Index
Bureau of Economic Analysis, Dept. of Commerce

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

PAUL GASSMAN, AMERICAN CHEMICAL SOCIETY

Mrs. BOGGS. May we please hear from Dr. Paul Gassman of the American Chemical Society?

Hello, Doctor. Welcome.

Dr. GASSMAN. My name is Paul G. Gassman. I am the current President of the American Chemical Society which, with over 140,000 members, is the world's largest scientific organization. I am pleased to appear before you today to comment on the fiscal year 1991 budget request for the National Science Foundation.

I know you are committed to improving the state of science education in the United States, and I vigorously share your commitment. Clearly, it is crucial to our international competitiveness and our long-term economic well-being that we improve the science literacy of the general public.

Our students are increasingly disinterested in studying science, and the results are clear: American students consistently score at or near the bottom in competition with other industrialized nations in almost every scientific field.

Entry-level science courses are producing a body of voters who find science difficult, boring, irrelevant, and due to a general lack of knowledge, frightening.

Our Nation must strengthen and emphasize science education at all levels in order to train the capable work force needed to maintain and improve our competitive position worldwide.

Improvement of the education system in the United States is the only avenue for ensuring the scientific literacy of future generations. But that system itself is in great jeopardy, and that's what I want to emphasize.

College students today are far less inclined to enter science teaching careers at colleges and universities than ever before.

According to a National Research Council study, in 1970 18.5 percent of students pursuing doctorates in chemistry intended to pursue careers in teaching.

By 1985, 15 years later, that number had fallen to 8 percent, which equates with 147 individuals wanting to grow up to be professors. This only speaks to quantity. It says nothing about quality.

Today, faculty retirement is generating 200 positions per year for chemistry faculty. We are about one year behind in filling these positions which leaves us with about 400 open positions each August. In five years, retirements will generate 300 new positions per year, and in 12 years the numbers will be 500 per year.

At that time, and this is slightly beyond the turn of the century, we will have approximately a quarter of our chemistry positions for faculty in the United States open, unfilled.

If they are filled, they will be filled with individuals who are not qualified to teach those courses.

This is an extremely serious problem, and it points to real disaster from my point of view.

Why the loss of interest in academic careers? It is perceived that the quality of life for professors has deteriorated significantly. The students see their professors having to devote increasing amounts of time and effort preparing grant proposals that, more often than not, are not funded.

They see the Federal Government's commitment to funding research declining, while costs rise sharply. They draw the conclusion that a career in Academia isn't desirable—and today they may be right.

We must remember that a healthy infrastructure is essential if American colleges and universities are to attract and retain the university professors, who are needed to educate and train the next generation of researchers and teachers.

The National Science Foundation plays a crucial role in supporting science and engineering education. NSF's programs provide the focal point for addressing the pressing problems facing the science and engineering "pipeline" today.

Included are such important programs as curriculum development and teacher education. NSF's programs also serve to address the underrepresentation of women and minorities in the scientific enterprise. The American Chemical Society fully supports these programs.

NSF's science education programs are severely underfunded. Without substantial increases, the Foundation cannot provide the necessary support to tackle the educational crisis facing the Nation today.

The ACS supports the findings of two National Science Board education reports, which call for building the budget to $600 million over a four-year period. Toward this goal, the Society strongly urges Congress to fund the education directorate at $300 million in fiscal year 1991.

The American Chemical Society is alarmed at the decline in funding of academic research in the basic sciences, in general, and in the chemical sciences, in particular.

Federal support for basic research in these areas has had a dramatic impact on every sector of the Nation's economy.

The chemical industry consistently reports a favorable trade balance—$15.7 billion in 1989. This strong showing results not only from the talent and energy of the industry, but also from the investment made in the past by the Federal Government in basic research in the chemical sciences and engineering.

Insufficient growth in these areas is squeezing individual investigators—most of whom are either underfunded or don't receive funding at all. This situation results in many promising areas of research not being pursued. The decline in support for researchers must be arrested and reversed if the competitiveness of the Nation in the field of chemistry is to be maintained.

The Society supports a fiscal year 1991 budget for research and related activities at the authorized level. Within R&RA, the divisions of chemistry, materials research, and chemical and thermal systems should receive an increase of 10 percent.

Thank you for your attention.

Mrs. BOGGS. Thank you, Doctor, and thank you for saying many of the things that I believe so strongly about science education.

Mr. Green?

Mr. GREEN. I have no questions, Madam Chairwoman.

[The statement of Dr. Gassman follows:]

STATEMENT
of the
American Chemical Society

STATEMENT
of
DR. PAUL G. GASSMAN
on behalf of the
AMERICAN CHEMICAL SOCIETY
to the
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
on the
NATIONAL SCIENCE FOUNDATION FY 1991 BUDGET
THURSDAY, MAY 3, 1990

OFFSET
CAMERA COPY

Mr. Chairman and Members of the Subcommittee:

My name is Paul G. Gassman. I am the current President of the American Chemical Society (ACS) which, with over 140,000 members, is the world's largest scientific organization. I am pleased to appear before you today to comment on the FY 1991 budget request for the National Science Foundation (NSF).

The United States currently is faced with fierce economic competition from other countries. Government and industry must bring all available resources to bear on those areas which enable the U.S. to meet the challenges of competition today and to prepare for those of tomorrow. Basic research is the keystone to our Nation's success, and the National Science Foundation (NSF) is a crucial player in this area.

NSF plays a central role in funding science education and research activities at all levels, and is the principal funding source for non-mission oriented basic research in academia. Historically, such research has been the source of the creativity, knowledge, and talent which has made American science and technology strong. In this time of fiscal constraints, the American Chemical Society (ACS) is concerned that Congress will overlook the importance of basic research to technological progress and economic growth. The Society is on record in support of the doubling of the National Science Foundation's budget as authorized by Congress in 1988, and urges Congress to adhere to its original timetable.

Our Nation must strengthen and emphasize science education at all levels in order to have the capable workforce needed to improve our competitive position worldwide. The ACS finds the Foundation's FY 1991 request for the Science and Engineering Education Directorate insufficient to achieve these goals.

- In order to address the education problem, the American Chemical Society urges Congress to fund the Science and Engineering Education Directorate at a level of $300 million in FY 1991. The funding requested by ACS--a 47 percent increase over FY 1990--will bring the budget in line with NSF's drive to implement the recommendations of the National Science Board report, ***Undergraduate Science, Mathematics, and Engineering Education*** (the "Neal Report"). The ACS would like to see this additional $49 million (above the Administration's request) used principally for additional expansion of the Teacher Preparation and Enhancement subactivity, and for the Course and Curriculum Program within the Undergraduate Science, Engineering and Mathematics Education (USEME) subactivity.

The Nation's academic research enterprise has a history of remarkable successes to its credit. Despite these successes, pressure is being exerted on Research and Related Activities (R&RA) programs due to the funding of expanded initiatives within R&RA's budget. New funds for education, human resources, facilities, major equipment, and centers initiatives at NSF, without commensurate growth in other areas, translate into minimal or negative growth for traditional investigator-based research support.

- In order to provide the support essential to sustain the health of NSF's academic research activities, the ACS urges that Congress appropriate $2.20 billion for Research and Related Activities in FY 1991. This represents an increase of $475 million above FY 1990, and is the level authorized by Congress for FY 1991.

The "chemical and allied products" industries are among the few sectors of the U.S. economy reporting a favorable trade balance--$15.7 billion in 1989. This strong showing results not only from the talent and energy of the industry, but also from the investment made by the federal government in past years in academic research in the chemical sciences and engineering. Funding for basic research in the chemistry, materials, and chemical engineering fields has had dramatic impact on every sector of the Nation's economy, and has produced such vital products as light-weight composites of incredible strength for use in aircraft, fiber-optics for communications technology, pharmaceuticals, and chemical processes for handling hazardous wastes.

The American Chemical Society is alarmed to see a decline in the funding of academic research in the chemical sciences and related fields. Insufficient growth in these areas is squeezing the research community--many promising areas of research worthy of funding are not being pursued. This decline must be arrested and reversed if the competitiveness of chemical and allied industries, as well as other sectors of the economy dependent on technologically important R&D, is to be maintained. Therefore, the ACS recommends that funds for the Divisions of Chemistry, Materials Research, and Chemical and Thermal Systems be increased by a minimum of 10 percent for FY 1991. The accompanying Appendix contains the Society's recommendations in greater detail.

The American Chemical Society asserts that the Foundation's role in promoting science education and research is essential to the economic well-being of the United States. The Nation must invest in these critical areas now, in order to address the education crisis and to remain a world leader in science and technology.

Appendix

APPENDIX

Technological progress is rooted in U.S. investment in education and research, particularly at colleges and universities. Our ability to compete in a worldwide marketplace depends on technological advances made through basic research conducted at these institutions, as well as on the education systems that prepare the scientifically literate workforce needed by the Nation's industry.

The National Science Foundation (NSF) plays a central role in funding science education and research activities at all levels, and is the principal funding source for non-mission oriented basic research in academia. Congress, recognizing the importance of these activities to America's future, passed legislation in 1988 that authorized a doubling of funds for the National Science Foundation over a five year period. However, NSF's final appropriations for the past three fiscal years have consistently failed to meet the targets set out in the authorization. The Administration, recognizing this, has adopted a newer, longer-term schedule for doubling NSF's budget.

Despite all these factors, NSF's FY 1991 request does not address the impact of underfunding research grant programs in recent years, nor does it provide the funding necessary to gain momentum in addressing science education needs. The American Chemical Society (ACS) urges Congress to fund science education and research activities at a level sufficient to recoup the ground that has been lost and to prepare for tomorrow's challenges. The ACS supports the doubling of the National Science Foundation's budget as authorized, and urges Congress to adhere to its original timetable.

SCIENCE AND ENGINEERING EDUCATION

In its statements to Congress on the FY 1989 and FY 1990 NSF budgets, the American Chemical Society expressed strong support for a gradual increase in the Science and Engineering Education (SEE) Directorate budget to $600 million over a four-year period. Neither the increase in the SEE budget proposed by the Administration, nor the slightly higher figure appropriated by Congress each year, is sufficient for this target to be reached by FY 1993. ACS is pleased that the Administration is requesting an increase of $46.7 million for SEE programs in FY 1991, for a total program of $251 million, but once again this figure does not sustain the momentum required to reach $600 million by FY 1993. The Society believes that a more realistic figure for FY 1991 would be $300 million, with the $49 million increase above the FY 1991 request (a 47 percent increase over FY 1990) used principally for additional expansion of the Teacher Preparation and Enhancement subactivity, and for the Course and Curriculum Program within the Undergraduate Science, Engineering and Mathematics Education (USEME) subactivity.

Funds for the Teacher Preparation and Enhancement subactivity in FY 1991 show an increase of 10.6 percent over the FY 1990 level. This increase, however, must accommodate the recent rise in precollege teachers' stipends from $200 to $300 per week. Although a stipend increase was appropriate, it also means that more money will go to fewer projects, making it likely that the SEE Directorate will not be able to fund as many programs in FY 1991 as the currently proposed budget might suggest.

The ACS supports efforts in the Science and Mathematics Education Networks program that strengthens statewide initiatives designed to help foster the restructuring of precollege science education nationwide. As stated in the American Chemical Society report, ***Education Policies for National Survival*** (November 1989), the ACS believes that this restructuring effort also should include a significant role for the major scientific societies. For example, no redefinition of the scope and nature of precollege chemistry should take place without input from the American Chemical Society. The same is true for the other scientific disciplines. The Society hopes that this is the intent of this particular initiative.

At the college level, there is an urgent need to reexamine and revise entry-level science courses, both those designed for science majors and those taken to satisfy general requirements. More than half the young people who enter colleges and universities intending to major in science change to other, non-science fields--the majority after taking only one entry-level course. To quote the recent report, ***An Exploration of the Nature and Quality of Undergraduate Education in Science, Mathematics and Engineering***, developed by Sigma Xi (The Scientific Research Society), "Too much too soon about too little may contribute to the fade out of these students." Entry-level courses for non-science majors may be even less effective; they may be producing a body of "educated" voters who find science difficult, boring, and irrelevant.

The bulk of NSF funds for undergraduate course and curriculum development (which has doubled for FY 1991) is located in Research and Related Activities and not in the USEME subactivity under SEE. The FY 1991 request for the SEE Course and Curriculum Development program represents a significant increase only in percentage terms (from $4 million to $8 million), over the FY 1990 Action Plan. Taking all of this into account, the ACS still believes that more funds for undergraduate course and curriculum development should be made available to the SEE Directorate.

The Research Directorates are especially qualified to structure research activities for undergraduates, a legitimate and valuable activity available primarily to upper division students. On the other hand, the SEE Directorate is qualified to promote course and curriculum development in the entry-level years for both science and non-science majors. The Society would like to see such development focus on redefining and emphasizing the laboratory experience for all students, including those at two-year institutions. These institutions are the main gateway to careers in science for women and minorities. If only for this reason, these institutions should receive more attention in terms of course and curriculum development. The SEE Directorate also needs to support the development of programs which facilitate transfers from two- to four-year institutions.

The ACS notes that the $7 million increase in the Instrumentation and Laboratory Improvement program, which enables institutions to develop more effective approaches to laboratory instruction, applies to all types of institutions. Since this increase represents a transfer from Research and Related Activities, there is no overall increase in NSF support for instrumentation for instructional purposes. The Society believes there should be a real increase in this area, particularly for entry-level courses.

The American Chemical Society believes that the SEE Studies and Program Assessment subactivity should use additional funds in FY 1991 to examine the extent to which NSF has begun to realize its goals for undergraduate education as expressed in the March 1986 report of the National Science Board, ***Undergraduate Science, Mathematics, and Engineering Education*** (the "Neal Report"). Such funds would permit an evaluation of the effectiveness of both the USEME programs and the undergraduate programs located in Research and Related Activities. The Society also notes that there has been a small decrease in the percentage of funds available for undergraduate programs in the SEE Directorate relative to the total NSF funds available for undergraduate programs (from 37.8 percent in FY 1990 to 37.3 percent in the FY 1991 request).

An examination of NSF's figures for all education and human resource theme components in the FY 1991 request shows an increase of $106 million (30 percent) over FY 1990. Only $24.7 million of this requested increase (23 percent) is targeted at precollege programs in the SEE Directorate. While the Society recognizes the importance of strengthening NSF programs for the undergraduate and graduate levels, it trusts that this small increase for precollege programs does not accurately reflect a view that the crisis in precollege science, mathematics, and technology education is close to being solved, nor that it is a retrenchment in NSF's responsibilities as the lead government agency in this area.

RESEARCH AND RELATED ACTIVITIES

The Nation's academic research enterprise has a history of remarkable successes to its credit. Indeed, it is a model other nations seek to emulate. The Foundation provides essential funding for researchers at universities and at national facilities--a system whose success can be measured by the numbers of students our economic competitors send to the U.S. every year. Academic research provides more than a sound knowledge base and new insights at the frontiers of science; it also provides valuable experience and training for young scientists. Within Research and Related Activities (R&RA), there are programs or activities to fund facilities and major equipment, centers, renovation, fellowships, research instrumentation and maintenance, as well as research. Targeted research support is provided for women and minorities, high school students, and undergraduates, as well as for associated research equipment, and equipment for those with special needs.

Since the Administration announced its intention to double the Foundation's budget, resources have actually declined for NSF programs that competitively fund researchers and their students. Adjusted for inflation, nearly 60 of a total of 84 competitive programs in FY 1990 have absorbed significant reductions, many in the magnitude of 10 percent or more below their FY 1988 levels. Furthermore, the total FY 1991 request for Research and Related Activities ($1.95 billion) does not address the impacts of underfunding in previous years.

Within R&RA, the Foundation has targeted new funds toward education and human resources, facilities and major equipment, and centers initiatives. The ACS strongly supports NSF's education and human resource initiatives, as they provide research opportunities for underrepresented segments of society, and offer young people the chance to participate in the scientific enterprise. At the same time, pressure is being exerted on NSF's support for individual investigator grants through the funding of all these other initiatives. Increases for these initiatives, without commensurate growth in other areas, translates into minimal or negative growth for traditional research support. In fact, support for individual investigator research has declined from 86 percent of the total R&RA budget in FY 1988 to 77 percent in the FY 1991 request.

Despite the crucial role of academic research in the prosperity of the high technology sector of the economy, federal funding for university basic research has declined over the last ten years as a percentage of the Gross National Product (GNP). In particular, growth in federal funding for basic research in the physical sciences has been slow, increasing 3.4 percent per year between 1980 and 1988 (in constant 1982 dollars). Research conducted in the physical sciences has a direct impact on international competitiveness in high technology markets. The science community would like to see its growth correspond to that of the life sciences, which has increased at a rate of 6 percent per year between 1980 and 1988 (in constant 1982 dollars). These calculations are based on data from the ***Science and Engineering Indicators--1989*** report. NSF has a key role to play in rectifying this situation.

The health of basic research in all subdisciplinary areas must be nurtured in order to create a more stable research environment at universities. A healthy infrastructure is important if U.S. colleges and universities are to attract and retain university professors, many of whom are approaching retirement, and who are vitally needed to educate and train the next generation of science teachers and researchers. Consequently, the American Chemical Society urges Congress to fund Research and Related Activities at $2.20 billion in FY 1991, the level specified in the 1988 five-year authorization, in order to restore NSF's capability to adequately support quality research. Within R&RA, the ACS strongly urges that increased funding be directed to grants for the individual investigator.

CHEMISTRY, MATERIALS RESEARCH, AND CHEMICAL ENGINEERING

Within the U.S. economy, the "chemical and allied products" industries are among the few sectors that retain a favorable trade balance. In 1989, the U.S. chemical industry imported $20.8 billion in chemical products and exported $36.5 billion, thereby achieving a $15.7 billion positive balance of trade. This strong showing is related to the investment made by the federal government in past years in academic research in the chemical sciences. Yet, as David Bishop of AT&T Bell Laboratories put it, "There is this infatuation with competitiveness and manufacturing, but you can't do manufacturing before you understand the basic phenomena." Research in the interrelated fields of chemistry, materials research, and chemical engineering are connected to industrial needs, and communication between researchers and industry has been fruitful. This communication is an important factor in technology transfer, from academic research to marketable products.

NSF plays a key role in maintaining the vitality of federally-funded academic basic research: the Foundation currently provides 40 percent of federal funding for chemistry, 50 percent of all materials research supported by federal funds, and 84 percent of federally-funded research in chemical engineering. The Foundation funds roughly one-fifth of total federal R&D in chemistry, and 40 percent of federal support for chemistry at colleges and universities. However, the American Chemical Society sees a decline in the health of academic research in the chemical sciences and related fields. This decline must be arrested and reversed if the competitiveness of chemical and allied industries is to be maintained.

Chemistry Division

Due to marginal increases, funding for the Chemistry Division has declined dramatically in real terms. The FY 1990 budget for the Chemistry Division increased only 1.5 percent above FY 1989. In FY 1989, the Division's budget increased by only 3 percent above the preceding year. At the same time, inflation reached 4.6 percent in 1989, and is projected to reach 4.0 percent in 1990.

The average size of a grant awarded by the Chemistry Division is $84,000, and has not increased in three years. At the same time, costs for instrumentation and maintenance are accelerating. Researchers are being forced to expend greater portions of their grants to meet these needs, while overall funding is declining in real terms.

Of greatest concern to the Society is that the Chemistry Division will not be able to fund as many worthwhile projects as in the past, and those that it does fund will not receive sufficient support to maintain our world leadership in chemistry. In fact, the Chemistry Division's FY 1991 request is actually *less* in total dollars for FY 1991 than its request for FY 1990. Funding continues to be cut in real terms at a time when the need for support for individual investigators is greatest. The American Chemical Society urges that funds for the Chemistry Division be increased by a minimum of 10 percent, which represents a total budget of $107.7 million in FY 1991.

Materials Research Division

As with the Chemistry Division, the Division of Materials Research (DMR) in FY 1990 received a marginal increase of 1.6 percent above FY 1989. While DMR is slated to receive a significant increase in the Foundation's budget request, much of that increase will be directed toward a specific project--the high magnetic field laboratory. Meanwhile, pressure on individual investigator grants continues to grow. The materials research community has grown dramatically over the past few years. At the same time, federal funding for materials research from other agencies, particularly defense-related materials research, has increased minimally. This lack of growth will exert funding pressure on the community as a whole, and on DMR specifically.

The Society believes that all methods of funding within DMR--individual investigator grants, Materials Research Laboratories and Groups (MRLs and MRGs)--should be maintained at a level which provides adequate support for promising avenues of research. In order to begin to redress the negative impact of marginal growth in past years, the ACS believes the Division of Materials Research should receive $128.6 million in FY 1991, which represents a 10 percent increase over FY 1990.

Chemical and Thermal Systems Division

Research within the Chemical and Thermal Systems Division (CTS) focuses on strengthening the engineering base for technologies involving chemical, thermal, and flow processes. Research activities funded through CTS have major impact on microelectronics, commodity and specialty chemicals, pharmaceuticals, energy production and transfer, the molecular engineering of advanced materials, and chemical processing of hazardous waste.

CTS also supports special initiatives in conjunction with other NSF divisions. For example, CTS is working in conjunction with the Chemistry and Materials Research Divisions to investigate the chemical processing of materials, which may lead to improvements in manufacturing of microelectronic chips and thin film sensing devices.

The Society is concerned that CTS is being squeezed in the same manner as the Chemistry and Materials Research Divisions. Inflation, coupled with marginal growth over several years, has effectively reduced the buying power of CTS grants. As CTS supports chemical engineering research in the university community, where the bulk of innovative research is occurring, reductions in grant size inevitably lead to lost opportunities.

As basic research in chemical engineering continues to have a dramatic impact on technological advances leading to the development of new products and processes, the Society believes it is crucial to provide adequate funding to the academic research community. With that in mind, the Society recommends that the Chemical and Thermal Systems Division be funded at $33.7 million in FY 1991, which represents a 10 percent increase over FY 1990.

RESEARCH SUCCESSES

Research grants awarded by NSF have contributed to many exciting discoveries in areas such as chemistry, chemical engineering, and materials research which impact on the health of every sector of the U.S. economy. Promising research includes the work of Mark Wrighton of the Massachusetts Institute of Technology, who has synthesized molecular materials that function as switches in new kinds of transistors, and E. J. Corey, of Harvard University, who has discovered that small molecules with enzyme-like reactivity, dubbed "chemzymes," lead to highly efficient production of commercially useful, complex chemical products.

Chemical engineering research is exploring areas such as the production and characterization of uniform-size gallium arsenide in small clusters of the 5 to 20 nanometer range. Research on such clusters, called quantum dots because their small dimensions yield discrete electronic states, could lead to new electronic and optical components. Possible applications include semiconductor lasers of intensity several orders of magnitude higher than conventional diode lasers, and new electroluminescent display technology with convenient adjustment of color.

A team from the Cornell High Energy Synchrotron Source, Argonne National Laboratory, and Spectra Technologies, Inc., recently designed a magnetic device called an "undulator," which can be used to take x-ray flash diffraction patterns in millionths of a second, enabling scientists to capture and analyze very rapid changes in biomolecular and other materials. Undulators based on this prototype will have many more applications when installed at Argonne's Advanced Photon Source.

FUTURE RESEARCH DIRECTIONS

Several National Research Council (NRC) studies point to areas of research which, if enhanced, would lead to dramatic progress in the chemical sciences and engineering, and in materials science. As previously stated, research in these areas is crucial to maintain U.S. economic competitiveness in the high technology arena.

Chemistry and Chemical Engineering

In 1985, the National Research Council published a report entitled ***Opportunities in Chemistry***, also known as the "Pimentel Report," which examined how advances in the chemical sciences lead to progress in the development of new and improved materials and processes, energy sources, an improved food supply and human health, and a cleaner environment. The Pimentel Report recommends that funding for the Chemistry Division be doubled.

In 1988, NRC released a report on ***Frontiers in Chemical Engineering: Research Needs and Opportunities***, also known as the "Amundson Report." This Report examined research directions that would serve to ensure the development of emerging technologies, maintain leadership in established technologies, protect and improve the environment, and develop systematic knowledge and generic tools. The Report notes that additional emphasis is needed in priority research areas, and in support for chemistry as the vital research base for chemical engineering. Areas for additional emphasis (including new funding) are:

- biotechnology;
- electronic, photonic, and recording materials and devices;
- polymers, ceramics, and composite materials;
- energy and natural resources processing;
- environmental protection, process safety, and hazardous waste management;
- computer-assisted process and control engineering; and
- surface and interfacial engineering.

The American Chemical Society supports the recommendation of the Amundson Report, which calls for an increase of about $22 million over four years of growth, or an annual growth rate of approximately $4 million. This increase would be shared by several NSF engineering divisions, which have begun to implement some of the Report's recommendations. Additional contributions would be made from other Directorates in the case of cross-disciplinary research. These multi-disciplinary thrusts serve to reflect the close relationship between chemistry and chemical engineering.

Materials Science

The National Research Council published a report in 1989, entitled ***Materials Science and Engineering for the 1990s: Maintaining Competitiveness in the Age of Materials***, which recommends that the U.S. undertake a national initiative in materials science and engineering R&D. In order to preserve America's competitive position at the forefront of materials science, the Report urges that specific actions be taken by industry, academia, and the federal government.

Materials science and engineering is a remarkably vital area of research. Rapidly emerging scientific discoveries have impacted on the health of every major industry in the U.S. Federal and industrial investment in these endeavors have, for example, led to the development of new, light-weight composites of incredible strength for use in aircraft, fiber-optics for use in telephone and data transfer communication, and integrated circuitry leading to advances in computer technology. All these advances have had dramatic impacts on the Nation's economy, led to advances in defense technology, and created new opportunities for commercial growth.

The NRC Report cites research conducted by principal investigators, a mode of research in which the U.S. excels, as being a particularly important contributor to many of these innovations, as well as being highly cost effective. However, long-term trends indicate that support for materials research is declining in the U.S. In 1976, the federal government spent roughly $728 million for materials R&D, compared to $562 million in 1987 (figures are in constant 1982 dollars).

Meanwhile, our competitors, particularly Japan and West Germany, have targeted specific areas of commercial materials science and engineering for increased investment.

The Report recommends that the four basic areas of materials research--**synthesis and processing**, **structure and composition**, **properties**, and **performance**--be incorporated into a national effort designed to maintain and increase our strong position in this field. Federal agencies should devote a portion of their materials science and engineering budgets to research and development of new instruments for analysis, and synthesis and processing of materials, including instruments that analyze processes in real time.

* * *

Science education and basic research are areas that have far-reaching consequences for the economy and for American society. The American Chemical Society is fully cognizant of the constraints facing the federal budget and their impact on funding increases for federal agencies. However, the increases recommended by the ACS are necessary to address the problems that exist relative to the numbers of students who pursue careers in the sciences, the level of scientific/technological literacy, and support for the Nation's research infrastructure. Without a healthy academic research enterprise and a scientifically literate population, the U.S. will not be able to remain a world leader in science and technology.

American Chemical Society
4/27/90

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESSES

EMILY SWENSON, CHILDREN'S TELEVISION WORKSHOP
STEPHANIE YU, CHILDREN'S TELEVISION WORKSHOP

Mr. Green, I give you the great pleasure of presiding over this committee when we have our most important witness before us, and we are so happy to have Emily Swenson, accompanied by Ms. Stephie Yu, from the Children's Television Workshop.

Mr. **GREEN** [acting chairman]. We will put your full statement in the record, and you can proceed as you would like.

Ms. **SWENSON**. Thank you for the opportunity to appear today. I am Emily Swenson, Senior Vice President of Corporate Affairs from Children's Television Workshop, and as you know, CTW is a multi-media educational institution whose mission is to educate children and their families through the mass media.

I am here today with my colleague, Stephanie Yu, who has a number of distinctions. One, she is from New York City. Two, she is one of our cast members and finally, and among the most important, she is one of our target audiences for our programs, 3-2-1 Contact and Square One TV which NSF has funded.

I would like to make a few general remarks, and then I will turn it over to Stephanie. This morning we have two goals. One is to urge you to support the work of the National Science Foundation, specifically their division of materials development in informal science education.

The NSF has funded Square One TV and 3-2-1 Contact, our television series for science and mathematics for eight to 12 year old children. These series help address the country's critical needs for science and mathematics education for children, and without NSF's support and their leadership in the form of multi-year funding, these series simply would not exist.

Second, I want to give you just two examples of the power and the reach of the NSF commitment. In a typical week, these series bring an extra hour of science and mathematics to more than four million households with children under the age of 12. This is achieved at a cost of pennies per viewer.

Second, I want to draw your attention, and in some ways I don't need to, to the new study of Square One TV. In this regard, I want to thank you very much for your kind remarks that have been recorded in the Congressional Record about the new study.

But just for the purposes of reinforcing your points, I want to say that in this study, we found that children who watch Square One TV improve significantly in their ability to solve unfamiliar mathematical problems.

These children improve regardless of their socioeconomic background, regardless of their ethnicity, and regardless of their gender.

This study, and these results are very, very encouraging to us and should be to everybody for as you know, the thing that mathematics educators worry about today is children's ability to use math, to solve problems, to think, and less so to develop their computational skills.

And so these results are very, very encouraging to us. Therefore, I urge you and this committee to ensure that NSF's important contribution to education continues. For a long time, NSF has had the foresight to champion television and related technologies as valuable tools for educating our children.

So with those introductory remarks, I would like to turn it over now to Stephanie, who can tell you much more eloquently than I can about 3-2-1 Contact's importance to her as a cast member, as well as to other children.

Stephanie?

Ms. YU. Thank you, Emily.

Madam Chairman, Members of the committee, my name is Stephanie Yu. I am 14 years old, and I joined the cast of 3-2-1 Contact in 1987, when I was 10. I am so glad to be here to tell you how much I love working on 3-2-1 Contact, and how valuable it is to me and to other kids.

I am also a student at the Greatest Church School in New York City. The science teachers there say that the kids often tell them in class, oh, I saw that on 3-2-1; or yes, I know that water comes in three forms because I heard it on 3-2-1.

One thing I did while working on 3-2-1 Contact was that I met many, many different kinds of twins, and I learned what makes some of them fraternal and identical.

Just last month I traveled to Costa Rica and learned why it's important to save the rain forest and what we can do to protect it.

At the moment, you can see 3-2-1 Contact on Public Television in Rerun. During a typical week, over a million households with a child under 12 watched 3-2-1. Still, many kids get annoyed and stop watching when they see reruns all the time.

So we were very happy last year when the National Science Foundation gave us some extra money. We used some of it to produce special 3-2-1 Contact programs, which we called extras. These extras tell kids about science behind an event or issue they heard about on the news.

The extras are important because they mean that the new 3-2-1 Contact show is still on the air, and they remind people that the series is still around.

I was in the 3-2-1 Contact extra, which was first aired in February 1990. It was called "The Rotten Truth," and it was all about the garbage crisis. It was the most popular extra we have done.

It was rebroadcast in time for Earth Day. I was invited to Washington on Earth Day to talk about it. One thing I did on the show was to ask kids to take a garbage quiz and guess which items that we throw away take the longest to decay.

Children really liked that part of the program. I also visited a landfill and a recycling plant and decided that we cannot really throw anything away, which is why garbage keeps piling up.

Many teachers ask us for copies of "The Rotten Truth" to show in school. One class in Kentucky asked to see it a second time. The show got them more interested in working on their school recycling program.

Keep Downriver Beautiful, an environmental group in the State of Michigan wanted 82 copies, and the President of Grosspoint Citizens for Recycling wrote to us. It's just the kind of information we want to get across to our school children. Later she told us, I just saw the show again. So you doubled everything I said.

Right now we are asking NSF for some more money, especially so the kids in school and after school programs can see 3-2-1 Contact and Square One TV, too.

Please help the NSF to help us. I would thank you very much and so will a lot of other kids.

Thank you.

Mrs. BOGGS. Thank you very much.

Ms. SWENSON. We are happy to answer any questions you may have.

Mrs. BOGGS. Thank you.

Mr. Green?

Mr. GREEN. I wonder if Ms. Yu is considering a career in science?

Ms. YU. I don't know. Maybe.

Mr. GREEN. Well, we very much thank you for your appearance today.

Obviously I think the record shows that this subcommittee has been very much concerned with seeing that elementary and secondary school youngsters get a good exposure to science, and appreciate all that you have done to help that cause.

Thank you.

Ms. SWENSON. Thank you.

Mrs. BOGGS. Stephanie, we have always been very insistent that young women have an opportunity from the very beginning of school, or in preschool, as a matter of fact, because I do feel that the gender neutrality is really there.

We thank you very much for your testimony and for your spreading the word so effectively in many places, and we hope that it will be the good truth and not the rotten truth in the future.

Thank you very much.

Ms. SWENSON. Thank you.

Ms. YU. Thank you.

[The statement of Ms. Swenson follows:]

Testimony by Emily B. Swenson
Senior Vice President, Corporate Affairs
Children's Television Workshop

Submitted to the House Appropriations
Subcommittee
on VA, HUD, and Independent Agencies

Thursday, May 3, 1990
11:00 A. M.

Subject: National Science Foundation/Science and Mathematics Education

Thank you for the opportunity to appear before you today. I am Emily Swenson, Senior Vice President/Corporate Affairs of Children's Television Workshop, and I am here to support the work of the National Science Foundation. Specifically, I want to ask you to provide adequate funding for the NSF's Materials Development and Informal Science Education Division, and to urge the NSF to continue its strong support of CTW's mathematics and science series, SQUARE ONE TV and 3-2-1 CONTACT. The NSF has made multi-year funding commitments to both series since their inception, and is largely responsible for their existence.

Children's Television Workshop is a multimedia educational institution. We have a mission: to use mass communications to educate young people, mostly outside the classroom, but in school as well. To that end, we produce television programming that appeals to and attracts children. Over the last twenty years, since our founding in 1969, we have acquired plenty of evidence that as children watch our series, they learn.

We believe that CTW's emphasis on informal education is completely congruent with the six national goals for education, to be met by the year 2000, that the President outlined last January in his State of the Union message. The education crisis facing America is so overwhelming that if we want to improve the way our children learn, we cannot rely on schools alone, or on parents. We must use every tool at our disposal to reach children. Since American youngsters typically watch television over 23 hours a week, spending more time in front of the family set than they do in school, we must use television to teach--much more than we do at present. Most children's programming is anything but educational. Yet quality educational television is a powerful tool: America has barely begun to mine its ability to teach children. Most schools have television sets and VCRs, but hardly use them. Outside the classroom, educational programming reaches children wherever they live, whatever their socioeconomic background and level of achievement in school.

Let me tell you more specifically how our work supports our national education goals. The first goal is that every American child will start school "ready to learn." For the past twenty years, SESAME STREET has been preparing preschoolers by teaching them letters, numbers, and social skills. Today, SESAME STREET's curriculum has expanded greatly, to include geography and ecology. Moreover, our most recent research shows that children as young as ten months can acquire language skills and the ability to perform physical tasks from watching SESAME STREET. The Governors Task Force on Education has pointed out that only one child in five is eligible for the federal Head Start program. But because almost all American households have television sets, any child can begin to prepare for school by watching SESAME STREET.

SESAME STREET has always made a special effort to reach three to five year-olds in the greatest socio-economic need--those who usually are the least prepared for school. In 1978, when SESAME STREET had been on the air for nine years, we asked the Yankelovich organization to survey four inner-city neighborhoods to find out if we were reaching children who needed the series most. Yankelovich found that SESAME STREET had an impressive audience in the inner city: up to 97 percent of preschoolers watched faithfully. We know that some adults even used it to learn English. Yankelovich recently updated that 1978 study in a nationwide survey of preschool boys and girls--white, Afro-American and Latino--living in poverty. Again, the news was very good: virtually all the children surveyed were familiar with SESAME STREET, and a gratifying 92 percent were current viewers. Nearly two in three children watched the series daily, or nearly every day.

But preparing preschoolers for the classroom is not enough--for them or for our country. Two of the President's national goals directly address mathematics and science education. One is that young Americans will leave grades four, eight and twelve competent in "critical subjects", including mathematics and science. The other is that American students will rank first worldwide in science and mathematics.

Today, we are a very long way from achieving these two goals. Studies by the National Research Council and others have concluded that American students have declined in mathematics skills and interest by as much as 50 percent. Even our very best mathematics students rank at the bottom when compared with their counterparts in other countries. The implications for our country's future in an increasingly technological world, and a sharply competitive international marketplace, are grim indeed.

Thanks to early, consistent and long-term funding from the National Science Foundation, CTW has become a leader in informal education in mathematics and science. For the past ten years, the NSF has been the lead funder of 3-2-1 CONTACT, our science and technology series for eight to twelve year olds. 3-2-1 CONTACT, CTW's longest running series after SESAME STREET, has been broadcast on public television since 1980. It was designed both for home viewing--preferably for children to watch along with their parents. 3-2-1 CONTACT was meant to provide its young audience, especially girls and minority children, with informal education in science: its primary goals were to stimulate youngsters' interest in science by communicating the joy of scientific work, and by presenting scientists as attractive and accessible role models. The series encourages children's natural curiosity and tries to broaden their understanding of science by showing them that science is everywhere.

Starting in 1978, NSF underwrote the research and development phase necessary to plan the series, and then funded the first two seasons on a yearly basis. NSF's commitment was vital to our securing additional funding from the Department of Education, as well as foundation and corporate support. In 1983, we proposed a plan for long-term NSF funding, urging the agency to underwrite five additional seasons. NSF did agree to fund five more years of production, resulting in our present total of 228 half-hour shows. They constitute a major national resource in the form of informal science education for elementary school children.

Thanks in part to NSF, we also have been able to verify how well 3-2-1 CONTACT works. In 1987, NSF commissioned a study of home viewers of 3-2-1 CONTACT to determine the impact of the series. Among the study's findings were the following:

•Girls watch as often as boys and minority children watch as often as white children.

•50 percent of viewers engage in some science-related activity, such as going to a zoo, museum or library, reading about a scientific subject, trying an experiment or solving a problem, or discussing the program with another family member.

Many children write or call us because they want to use something they saw on 3-2-1 CONTACT as the basis of a school science project. We make Teacher Guides available to help teachers use the series in the classroom. 3-2-1 CONTACT Clubs (which now include SQUARE ONE Clubs) exist all over the country, sponsored by community groups, schools, and corporations. These clubs focus on reaching girls and minority students--an estimated 500,000 young people since 1980. 3-2-1 CONTACT Clubs, along with science-museum programs based on the series, involve children in after-school science activities, and help them discover that science and technology are fun--valuable lessons that can encourage a lifetime of learning.

At present, 3-2-1 CONTACT appears on public television in rebroadcasts, continuing to reach during an average week 1.4 million households with a child under 12. Last year, NSF provided additional funding to extend the series in two important ways. First, it will continue to be rebroadcast for the next five years. Secondly, this funding has enabled us to begin producing five 3-2-1 CONTACT half-hour specials, which we call EXTRAS. These EXTRAS generate additional publicity and critical attention that calls attention to 3-2-1 CONTACT itself as a long-running series.

Another important point about the EXTRAS is that to date, they have been broadcast mostly in time for family viewing, rather than in the after-school block. Our research has found that children learn more from educational television when they watch with their parents. Stephanie Yu, one of 3-2-1 CONTACT's young hosts and star of our most recent EXTRA, "The Rotten Truth", about the garbage problem, will tell you more about it and how children, parents, and teachers have responded enthusiastically to it.

In June, NSF will be considering a proposal for 3-2-1 CONTACT which will allow us to repackage and distribute 3-2-1 CONTACT for use in classrooms, as well as in afterschool, community, and child care programs. NSF funding has enabled us to research schools and the burgeoning child care market, and to determine how and what kind of retailored, multimedia 3-2-1 CONTACT package of video and print materials could serve the growing need for educational materials in these settings. We ask you to encourage NSF to support this ongoing project, which will extent the life of the series and considerably leverage NSF's original investment.

We know that NSF's commitment of over $18 million over ten years to 3-2-1 CONTACT has paid off. Educational television is cost effective: over its broadcast lifetime on public television, there have been over 633 million viewings of 3-2-1 CONTACT by households with children aged 6 to 11. That brings the cost of the series down to only pennies per broadcast--which means that it is far cheaper than almost any other educational innovation. Reformatted versions of the 3-2-1 CONTACT library of shows should extent the life of the series off the air by at least another ten years, and leverage NSF's investment in the series even further.

Since 1987, multi-year funding from NSF also has enabled us to produce SQUARE ONE TV, our mathematics series that is now in its third season on national public television. Recently, international studies of student achievement have indicated that American youngsters perform near the bottom in mathematics, compared to their peers in other industrialized countries. For the last three years, SQUARE ONE TV has been making an important and effective contribution to the national battle against innumeracy. The series is designed for eight- to twelve-year-olds to view at home, with particular attention paid to girls and minorities. A lively magazine-format program that parodies familiar forms of television broadcasting such as game shows, music videos, and detective series, SQUARE ONE TV provides informal education in mathematics. The series has three goals:

- To stimulate elementary-school children's interest in mathematics, at a time in their schooling when that interest often begins to decline;
- To model effective mathematical problem solving;
- To present a broad view of mathematics, going beyond the constraints of standard curricula or testing programs.

NSF was the lead funder of SQUARE ONE TV's first season. The agency's initial commitment of $5 million generated more than double this amount in additional funding from the Department of Education, the Corporation for Public Broadcasting, and private sponsors. Furthermore, NSF helped underwrite the second and third seasons of SQUARE ONE TV, committing $3 million per year, and has made an additional commitment of $6.5 million for Seasons IV and V.

Since the series' inception, there has been ample and dramatic evidence that children do learn from SQUARE ONE TV. Most recently, the results of an important new study in Corpus Christi, Texas, has found that:

- Children who viewed SQUARE ONE TV in a sustained manner showed significant improvement in their ability to solve unfamiliar, complex mathematical problems;
- Through exposure to the series, children improved their problem-solving ability regardless of their socio-economic background, ethnicity, or gender.

This study also has gathered some preliminary evidence that children come to mathematics classes with more enthusiasm after watching SQUARE ONE TV.

We know this is true because of the letters we receive from young viewers, their parents, and their teachers. From Detroit, Theresa I. Denman wrote to tell us, "My many, many years of experience as a mathematics supervisor for Detroit's public elementary schools have convinced me that only television can make any dent...[SQUARE ONE TV] has vast potential for changing elementary teachers' knowledge of good mathematics and for alleviating their widespread math anxiety."

Like 3-2-1 CONTACT, SQUARE ONE TV was primarily designed for children to watch at home, but also is a valuable resource in the classroom. We produce and distribute SQUARE ONE Teacher Guides, and we plan to reformat the shows for more efficient classroom use. We also have reached an agreement with a publisher to tie SQUARE ONE TV directly to a major elementary-school mathematics textbook series.

Now we are looking to NSF for further support for educational television: additional funding for the production and distribution of new versions of both our mathematics series and 3-2-1 CONTACT for schools and afterschool programs--products that are eagerly awaited, research tells us, by the teaching and child-care communities.

NSF has long had the foresight to champion television and related technologies as valuable tools for educating our children. I urge this Committee to ensure that NSF's important contribution to education continues. In particular, I urge you to fully fund the Materials Development and Informal Science Education Division, and to encourage NSF to continue its support of series such as 3-2-1 CONTACT and SQUARE ONE TV. NSF's continuing leadership can help correct the present imbalance of support so that children's educational programming receives the resources it needs to make a difference.

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

HOWARD J. SILVER, CONSORTIUM OF SOCIAL SCIENCE ASSOCIATION

Mrs. BOGGS. Please, may we hear from Dr. Howard J. Silver.

Mr. GREEN. You have a tough act to follow, Dr. Silver.

Dr. SILVER. Madam Chairman, Mr. Green, I am Howard J. Silver. I, too, was once a child in New York City. But today, I am Executive Director of the Consortium of Social Sciences Association, which represents more than 185,000 American scientists across the full range of social and behavioral science.

We would like to take this opportunity to express our appreciation for the subcommittee's past work for disciplines at NSF, especially last year's attempt in the committee report to help our funding situation down there.

For fiscal year 1991, we urge you to support the full funding request, but most importantly, we ask you to support the full $1.94 billion for research and related activities.

As you have heard, I think earlier this morning, almost two-thirds of the core disciplinary programs at the Foundation are in real terms below their fiscal 1988 funding levels. By appropriating at the requested level for research funding, NSF will not have to reduce as it usually does the proposed increases for social and behavioral sciences.

Above all else, we urge the subcommittee to do whatever it can to help avoid another sequestration. I suspect because of this subcommittee's great interest in science and engineering education that you will probably consider increasing the request for that directorate at NSF. We don't have any problem with that, unless a zero-sum game is played and these increases come at the expense of the research and related appropriations.

A word about science at NSF. We know science education is important. However, it's apparent that NSF and many others neglect to include social and behavioral sciences when describing the problem in this country.

Yet assessments of our Nation's current students who will indeed be the U.S. workforce of tomorrow demonstrate that the crisis situation is not just in the physical sciences and engineering. The Nation's students are not just scientifically and mathematically undereducated. They are gravely ignorant, economically ignorant, and they don't understand how it works beyond simply description of its institutions.

A better technologically educated society is only one part of the equation for taking American into the 21st world century economy. Our students in order to compete in the international economy, need knowledge of not just the physical and natural sciences and engineering. They must learn economics to understand international trade, anthropology, to understand other cultures, political science and sociology—to understand international political and social systems and psychology, to understand basic human behavior and less importantly, they should not have to wait until college to learn these subjects.

A number of efforts to enhance science education, including Project 2061, sponsored by Triple A-S, have recognized the importance of integrating the behavioral and social sciences into the precollege science curriculum.

We ask the subcommittee to call on NSF to do that, as well. The education reforms proliferating throughout the country and the leadership role for NSF in these efforts need to include all fields supported by the Foundation.

The social sciences have been integrated into the global change research program. Dr. Bromley, who is the President's science advisor, speaking at the National Press Club, said in general the social sciences will be as important as the national science in improving our understanding of global change.

Even when the physical and biological aspects of a problem are understood, all too often agreement is lacking on the underlying social, and behavioral economic cause and consequences of an action.

Despite this rhetoric, only $15 million of a $100 million budget at NSF the global change will be allocated to research on the human dimensions of global environmental change.

We also know that global change does not just involve changes in the physical environment. The remarkable events of the past year have pushed research agendas in many different directions. In the early summer, NSF will sponsor an international workshop to explore research on the socio-legal aspects of global change, in commercial and economic transactions, population, crime, governance, and the environment.

In addition, the small grants for exploratory research program, which has recently been expanded to include all subjects at the Foundation, is at the moment supporting a number of social scientists who are examining the remarkable changes occurring in Eastern Europe and the Soviet Union.

They are conducting research on attitudes towards political participation, parties and other aspects of democratization.

NSF continues to support the National Center for Geographic Information and Analysis. We appreciate that.

An article in the December 1989 issue of "Governing: The States and Localities" notices how the development of geographic information systems or as they called it, "Maps with Brains," are transforming governments as they are applied to optimizing school bus routes, deciding on sizes for fire stations and other emergency services and mapping the outbreak of diseases.

These recent special initiatives have led to the small increases that have occurred for social and behavioral science at NSF.

However, it's still worth noting that in fiscal 1989, the programs of the social and economic science division spent $30.9 million. In fiscal 1980, they spent $31.3 million. The core disciplinary programs are still suffering. Most have seen their funding levels remain static during the past 10 years.

The social and behavioral sciences rely on NSF research support. I provides almost one-third of all Federal research support for these disciplines.

In the areas of anthropology and political science, it is supporting virtually all academically based research.

Because of the lack of significant funding increases for these disciplines in NSF during the past 10 years, scientists in the field are beginning to get restless. At a recent meeting a task force recommended to the BBS Directorates Advisory Committee that consideration be given to creation of a separate directorate for the social and behavioral sciences.

This represents a feeling that the current structure of NSF has not provided sufficient resources to conduct the important basic research in the social and behavioral sciences. COSSA urges you to support the full funding request for 1991 and in particular, the research of the awaited request.

I thank you for the opportunity to appear this morning.

Mrs. **Boggs**. Thank you, Dr. Silver.

Mr. Green?

Mr. **Green**. Why do you think it is that anthropology and political science have been unable to generate any support, other than through the NSF?

Dr. **Silver**. Anthropology, for example, gets support for some of their applied research from the Smithsonian, but in terms of the basic kind of stuff that both anthropology and political science do, for example, funding the data bases, the election studies, it's big dollars.

And it's hard to get them from the outside. The Foundation, for example, has decreased their support for social behavioral sciences over the past 10 or 15 years.

Mr. **Green**. Why do you think that is happening?

Dr. **Silver**. I think there is an insistence on trying to get the social and behavioral sciences to do more applied kind of activities.

A number of foundations have moved into supporting research that indeed our people are doing, but it's more in the applied areas, policy program problems, poverty, for example.

And the basic core research that helps provide the applied research in the social sciences has kind of gotten lost in the process.

Mr. **Green**. Thank you.

[The statement of Dr. Silver follows:]

CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS
1522 K STREET, NW, SUITE 836, WASHINGTON, D.C. 20005 • (202) 842-3525 • FAX (202) 842-2788

TESTIMONY OF HOWARD J. SILVER, Ph.D.

EXECUTIVE DIRECTOR

CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS
(COSSA)

A statement on the

FY 1991 APPROPRIATION FOR THE NATIONAL SCIENCE FOUNDATION

Prepared for the

SUBCOMMITTEE ON VA-HUD-INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

The Honorable Robert Traxler, Chairman

May 3, 1990

OFFSET
CAMERA COPY

American Anthropological Association • American Economic Association • American Historical Association • American Political Science Association
American Psychological Association • American Sociological Association • American Statistical Association
Association of American Geographers • Association of American Law Schools • Linguistic Society of America

Mr. Chairman and Members of the Subcommittee:

I am Howard J. Silver, Executive Director, of the Consortium of Social Science Associations (COSSA). COSSA represents more than 185,000 American scientists across the full range of the social and behavioral science disciplines, functioning as a bridge between the research world and the Washington community. A list of COSSA Member associations, Affiliated societies, and Contributor institutions is attached.

COSSA would like to take this opportunity to express our appreciation for the Subcommittee's strong support for the social and behavioral science disciplines at the National Science Foundation (NSF), and for the continued support of individual investigator initiated research projects. We especially appreciated your attempt last year to help funding for the social sciences in the committee report. What follows are comments on the proposed FY 1991 budget for the NSF and the importance of social and behavioral science research at that agency.

As a member of the steering committee of the Coalition for National Science Funding (CNSF) we strongly endorse the funding recommendations in the brochure At the Frontiers of Science and Technology. The $261 million increase for NSF recommended by the President's FY 1991 budget is a must to keep the Foundation on its new doubling track -- a goal enunciated by both Presidents Reagan and Bush and endorsed by the Congress in the NSF authorization bill passed by the House 405-5 in FY 1988. The authorized figure for FY 1991 of $2.78 billion is necessary to fund all the important work that could be supported by NSF.

For COSSA the most important action this Subcommittee can take on the FY 1991 NSF budget is to maintain the proposed figure of $1.954 billion for research and related activities. As the CNSF brochure notes almost two-thirds of the core disciplinary programs at the Foundation are, in real terms, below their FY 1988 funding levels.

By appropriating at the requested level for research funding, the NSF will not have to reduce the proposed increases for the social and behavioral sciences. Those increases of $3.2 million for the social and economic science division and $2.3 million for the behavioral programs of the behavioral and neural science division are still considerably below the proposed increases for other disciplinary research programs in the Biological, Behavioral and Social Science Directorate at NSF. To force a reduction in the NSF research request will result in even smaller increases. Above all else, we urge the Subcommittee to help avoid another sequestration.

I suspect the Congress, as it has done in the past, will consider increasing the funding request for Science and Engineering Education at NSF. COSSA does not have any problem with that, unless a zero-sum game is played and these increases come at the expense of the Research and Related Appropriation.

Increasing support for science education is important. However, it is apparent that NSF and many others neglect to include the social and behavioral sciences when describing the science education problem in this country. NSF's summer workshops on undergraduate curriculum reform omitted the social and behavioral sciences altogether. Yet, assessments of our nation's current students, who will be the U.S. workforce of tomorrow, demonstrate that the crisis situation is not just in the physical and natural sciences. The nation's students are not just scientifically and mathematically uneducated, they are geographically ignorant, economically ignorant, and they do not understand how the U.S. political system works beyond simple description of its institutions.

A better technologically educated society is only one part of the equation for taking America into the twentieth first century world economy. As well as training good scientists, the U.S. must train good citizens. Our students, in order to compete in the international economy, need knowledge of not just the physical and natural sciences and engineering. They must learn economics to understand international trade, anthropology to understand other cultures, political science and sociology to understand international political and social systems, and psychology to understand basic human behavior. And they should not have to wait until college to learn these subjects.

A number of efforts to enhance science education, including Project 2061 sponsored by the American Association for the Advancement of Science, have recognized the importance of integrating the social and behavioral sciences into the pre-college science curriculum. We ask the Subcommittee to call on the NSF to that as well, by encouraging the participation of social and behavioral scientists in all their pre-college and undergraduate science education programs and activities. The education reforms proliferating throughout the country and the leadership role for the NSF in those efforts need to include all fields supported by the Foundation.

Science education is admittedly a disaster, but so are many other aspects of our education system. The studies of the National Assessment of Educational Progress (NAEP) seem to indicate that the back-to-basics movement, popular in education reform circles in the 1980s, has worked to some extent. What we need now, the NAEP results demonstrate, is to teach higher-order thinking and cognitive skills. The research and training provided by social and behavioral scientists who study cognition, learning theory, and communication theory, provide the information to help students acquire these advanced skills necessary to live and compete in the twenty-first century.

Attracting students from minority backgrounds into science will contribute to the health of this country and end a significant waste of human resource potential. Yet, the recent report of the Committee on the NSF Role in Attracting Minorities to Careers in Science and Engineering focused only on the natural sciences and engineering. Many believe that the social and behavioral sciences are fields where blacks and other minorities have prospered, compared to the natural and physical sciences. This view, which treats the social and behavioral sciences as one discipline, masks marked differences that should not be overlooked. For example, according to the NSF report Profiles -- Economics: Human Resources and Funding (NSF 88-333) only 3.2 percent of employed economists are black, below the rate for mathematical scientists and computer specialists. Almost all of the social and behavioral science disciplinary associations are making special efforts to recruit minorities into graduate programs and the professoriate.

In the past few years NSF has become a major player in the U.S. Global Change Research Program devised by the federal interagency Committee on Earth Sciences. For FY 1991 it will receive over $100 million out of a proposed $1 billion government-wide effort. In two recent speeches, Dr. D. Allan Bromley, Assistant to the President for Science and Technology, and Director of OSTP, has voiced support for the significant role research in the social sciences will play in the global environmental change program. Speaking at the National Press Club on April 11, he stated: "In general, the social sciences will be as important as the natural sciences in improving our understanding of global change. Even when the physical and biological aspects of a problem are understood, all too often agreement is lacking on the underlying social, behavioral, and economic causes and consequences of an action."

At the recent White House Conference on Science and Economics Research Related to Global Change, both Bromley and Council of Economic Advisers Chairman Michael Boskin made clear that global change research will not be left to the physical and natural sciences. Bromley noted that "the behavior of human beings, economically and politically, will be a major determinant of future changes in the environment." Despite all this rhetoric, only $15 million will be allocated to research on the human dimensions of global environmental change. Of that total, the NSF is slated to receive $5.5 million in FY 1991.

The social and behavioral sciences have become part of an integrated, multi-disciplinary research agenda on global environmental change. NSF has awarded funding to the Social Science Research Council, the National Research Council's Commission on Behavioral and Social Science and Education (CBASSE) and to the International Social Science Council for research planning to explore the human dimensions of this topic.

Global Change does not involve just changes in the physical environment. The remarkable events of the past year have pushed research agendas in many different directions. Fundamental processes of social and economic change are occurring on a global basis. For example, the growing internationalization of finance and production, the rise of transnational ethnic movements, population and labor flows across national boundaries, global religious fundamentalism, and the internationalization of popular culture are all creating vast arenas for research. In the early summer an international workshop will be held with NSF sponsorship to explore the sociolegal aspects of global change in commercial and economic transactions, population, crime and conflict, governance, and the environment.

In addition, NSF has begun to support interdisciplinary research training groups where social and behavioral scientists interested in global change will interact with natural and physical scientists to better understand each other's subjects and approaches to research. These groups need enhanced support.

NSF is also supporting research on global change through its Small Grants for Exploratory Research (SGER) program that began as an experiment in the engineering directorate, but has now expanded to include all programs within the Foundation. This program provides small discretionary grants of up to $50,000 for short-term, exploratory research. At present, a number of social scientists are examining the remarkable changes occurring in Eastern Europe and the Soviet Union. In particular, they are conducting research on attitudes toward political participation, political parties, and other aspects of democratization. Surveys utilizing questions from the US. National Election Studies, long-supported by NSF, are testing attitudes toward political change in the Soviet Union and Hungary.

NSF continues to support the National Center for Geographic Information and Analysis (NCGIA), a consortium of scientists at the University of California at Santa Barbara, the State University of New York at Buffalo, and the University of Maine. The development of Geographic Information Systems (GIS) has been significant for urban and municipal planning in streamlining governments and improving service delivery. An article in the December 1989 issue of "GOVERNING: The States and Localities" notes how these 'maps with brains' are transforming governments as they are applied to optimizing school-bus routes, deciding on sites for fire stations and other emergency services, and mapping the outbreak of diseases. Los Angeles is developing a GIS system to help with earthquake analysis. At a COSSA sponsored congressional breakfast seminar last year, Prof. David Cowen, Director of the Social Science Research Laboratory at the University of South Carolina, described the statewide GIS being developed to enhance economic development in his State, and which will also help local governments make decisions about roads, water and sewer projects, and other public works.

This year's budget proposal also includes $1 million for support to initiate social science research in the Arctic. This funding proposal comes in response to recommendations by the Congress, the National Science Board, the National Academy of Sciences, and the Interagency Arctic Research Policy Committee

These recent special initiatives have led to the small increases that have occurred for the social and behavioral sciences at NSF. However, it is still worth noting that in FY 1989 the programs of the social and economic science division spent $30.9 million; in FY 1980, they spent $31.3 million. The core disciplinary programs are still suffering. Most have seen their funding levels remain stagnant during the past ten years.

As an example, the political science program has not received a significant funding increase for many years. As Nobel Laureate Herb Simon told the Senate Commerce Committee last Fall, "[Political science research] can help us know ourselves as citizens and actors in the political arena; can provide the realistic knowledge of ourselves that is essential if we are to preserve and improve democratic institutions that are the foundation of our national life. Surely that knowledge repays many time the small investment -- a few million dollars at most -- that the federal government makes each year in basic research in political science."

In addition, NSF continues to support the multi-user large data-bases such as the Panel Study on Income Dynamics, the National Election Studies, and the General Social Survey, that serve as important sources of data for numerous research and dissertation studies that provide information about many public policy issues. With NSF support over the years the Inter-University Consortium for Political and Social Research has become a model for data storage and sharing. In many ways, it was the social sciences that encouraged the Foundation wide data sharing initiative now in place. The large data bases and their supporting institutions must remain on the NSF funding agenda.

NSF research support is very important to social and behavioral scientists. It provides almost one-third of all federal research support for these disciplines. In the areas of anthropology and political science it is supporting virtually all academically-based research. Because of the lack of significant funding increases for the social and behavioral sciences at NSF during the past ten years, scientists in the field are getting restless. At a recent meeting a task force recommended to the BBS Advisory Committee that consideration be given to creation of a separate directorate for the social and behavioral sciences. This represents a clear feeling that the current structure of NSF has not provided sufficient resources to conduct the important basic research in the social and behavioral sciences.

COSSA urges you to support the research funding request.

Thank you for the opportunity to present our views.

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

DAVID JOHNSON, FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL AND COGNITIVE SCIENCES

Mrs. **BOGGS**. Thank you very much.

Please, may we hear from Dr. David Johnson on behalf of the Federation of Behavioral, Psychological, and Cognitive Sciences?

Welcome, Doctor.

Dr. **JOHNSON**. Madam Chairwoman, Members of the subcommittee, Howard and I represent fairly similar constituencies, so you will hear a lot of what he had to say over again.

In 1980, the National Science Foundation's funding for research in the behavioral and social sciences was cut severely. Ever since that time, representatives of these sciences have come before you seeking a restoration of funding.

Step by step the funding has returned to near its level at the end of the 1970s. But other sciences have not spent 10 years making up a basic research funding deficit.

The result is that the relative position of behavioral and social sciences in terms of basic research support has grown worse over time when measured against other sciences.

The prolonged period of insufficient support has had an interesting effect on these sciences. In order to survive, researchers in these areas have had to look to the mission-oriented agencies for research support.

In order to do basic research, the research that builds the knowledge base of the science itself, researchers have had to piggy back bits and pieces of basic research on the more applied projects funded by the mission-oriented agencies.

Naturally, it has been difficult to advance the sciences in this way, and it has forced the research into shapes it would not have taken were there an adequate source of support for basic research.

Despite the difficulties, some very significant advances have been made. Most of what is known about the relation between the mechanisms of the brain and observable behavior has been learned in the last decade, for example.

As a number of subdisciplines in the behavioral and social sciences have advanced to the point where they are now poised for explosive development, the level of frustration among our scientists at not being able to find sufficient basic research support has grown tremendously.

That frustration is at such a point now that a recent report that Howard mentioned by a task force of NSF's Advisory Committee for the Biological, Behavioral and Social Sciences recommended consideration of separating behavioral and social sciences from biology and placing them in their own directorate.

The rationale of those thinking along these lines is that the pleas of our scientists will continue to fall on deaf ears until those versed in these sciences sit at the table where budget decisions are made.

That is a drastic approach toward solving a problem that grows more serious with each passing year. There are many good reasons why no artificial barrier should be placed between the biological sciences on the one hand and the behavioral and social sciences on the other.

In practice, these sciences are growing closer together owing to the scientific discoveries of recent years. But more moderate gestures have not managed to communicate the depth of frustration our scientists feel.

The fact that the line item for instrumentation within the current doctorate is $7 million larger than the line item for behavioral and social science research underscores the kind of problem our scientists face.

Our scientists are not asking that their work be treated differently than the work of other scientists. They are asking that it be treated the same as other sciences that are poised for rapid development.

We wholeheartedly support the President's budget request for the National Science Foundation. We believe that basic science is the bedrock of economic growth for the country .

But as the President's Science Advisor has said on several occasions, the most serious problems we face in harnessing the productivity of the Nation's Federal and private organizations is not technological. It is social and behavioral.

To adequately address the challenges implied by Dr. Bromley's observation, social and behavioral scientists need better basic research support than they have been able to achieve to date.

Our recommendation is simple, that the growth rate of the line items supporting the behavioral and social sciences be no less than the requested growth rate for NSF overall.

I thank the subcommittee for permitting me to express these views.

Mrs. Boggs. Thank you very much.

Mr. Atkins, do you have any questions?

Mr. Atkins. No.

Mrs. Boggs. I was sitting here thinking that perhaps the best way you could influence the behavior of the Members of Congress, vis-a-vis the appropriations of funding for your programs, would be to advise some of the public relations firms who help to elect Members of Congress.

Dr. Johnson. Actually, a number of us public relations firms employ a lot of psychologists. They get a lot of advice from our people. Maybe not the best advice.

Mrs. Boggs. You are in a very important field, Doctor, and we are grateful to you for your testimony .

Dr. Johnson. Thank you.

[The statement of Dr. Johnson follows:]

Written testimony of David Johnson, Ph.D.
on behalf of the
Federation of Behavioral, Psychological and Cognitive Sciences

before the House Appropriations Committee
Subcommittee on HUD and Independent Agencies
the Honorable Robert Traxler, Chair

concerning the FY1991 appropriation request for the
National Science Foundation

May 3, 1990
11:15 A.M.
H-143 the Capitol

Mr. Chairman, members of the Subcommittee, I am here today to testify on behalf of the 15 scientific societies and more than 130 research centers and departments of psychology and education that form the Federation of Behavioral, Psychological and Cognitive Sciences. A primary source of funding for scientists in the Federation is the National Science Foundation. I wish, therefore, to comment on the proposed Fiscal Year 1991 budget for the Foundation.

As you well know, there are a number of agencies of government that fund scientific research. The National Science Foundation is unique among those agencies in that its mission is to support basic science. All the other science related agencies have other missions to perform. Science is a tool that helps these agencies meet their mission goals. Scientists do not dispute that science is a tool of discovery, and they are eager to use the tool to make discoveries. But scientists also have another concern. It is that the tool itself needs to develop. The development of science is dependent on support of basic science. It is fine to use science to solve problems, but that activity does little to make science a better tool. It merely uses the same tool over and over again.

More and more, the difficulties that are being encountered in development of the behavioral and social sciences are causing concern to the scientists in these fields. So much of social and behavioral science has found its way into our normal ways of doing business that it is hard for people to believe they were once discoveries of science. Such a diverse array of things as the gross national product, the computerized spelling checkers that are part of the word processing packages in most of your offices, and the colors of street signs as well as the fact that many of them contain pictures now rather than words--are all products of behavioral and social science. The elegance and the weakness of these sciences is that many of their discoveries are so completely absorbed into everyday life that the science that went into them is quickly forgotten.

In a practical sense, what that has meant for these sciences is that the Federal agency charged with supporting basic science has not nurtured them as well as it has nurtured some other sciences. The scientists I represent have had to look to the mission oriented agencies to keep themselves afloat, to piggyback bits and pieces of basic science onto the projects that are performed to further the mission of the agencies they serve. With this combination of piggybacked basic research and the funds that have come from NSF, many areas of the behavioral sciences have managed to make basic discoveries that have poised those subdisciplines for explosive growth. The cognitive neurosciences, for example, have gone a long way toward linking observable behaviors with the precise neuronal mechanisms associated with those behaviors. Scientists who study perception have made similar strides in understanding how the senses and the brain interact. With the growing availability of powerful computers, social scientists are able to study complexities of social and economic change that would have been physically and methodologically impossible to study just ten or fifteen years ago.

A pill to cure drug addiction, a computer whose circuitry imitates the human brain, and positive planned social change without political upheaval are all dreams at the moment, but they are dreams with a very reasonable possibility of becoming reality because of the basic discoveries that have been made in recent years by behavioral and social scientists. These are dreams that could just as easily not become reality if insufficient attention continues to be paid to the development of the sciences that would make them a reality.

The problem is that these areas of science that find themselves at the point of explosive development also find the means to set off that explosion beyond their grasp. There is simply not enough support at the National Science Foundation for basic research in the social and behavioral sciences. Our story is not new. Ever since our sciences were devastated by the cuts of the early eighties, we have been coming before you asking for help to recover. And you have helped as you were able. Now our sciences are at about the point in funding that they were ten years ago. That is progress. It is important progress. But it is not sufficient progress to release the behavioral and social sciences from the fiscal constraints that preclude their renaissance. We believe our sciences have too much to offer to be held back as they are. To illustrate what I mean, I would point out that the proposed budget for instrumentation within the Biological, Behavioral and Social Science Directorate (BBS) is $7,739,000 higher than the total budget for research in the social and economic sciences. All of the behavioral and social sciences combined will be funded at one-third the level of biology under the current FY91 request. We have no quarrel whatsoever with biology. It, too, is in a period of rapid advance, and biology needs every cent of its requested appropriation. In fact many of the advances in behavioral science have blurred the dividing line between the biological and behavioral sciences. And that is just as it should be. It is just one more indicator of progress. Our plea is simply that we also have a great deal to offer that we cannot now offer because we are fiscally hobbled.

We would suggest a goal to the Subcommittee. It is that the behavioral and social sciences become equal partners with the biological sciences in the Biological, Behavioral and Social Science Directorate. As a first step toward establishing that equal partnership, we recommend that sufficient new money be added to the Behavioral and Neural Sciences and to the Social and Economic Sciences line items that they might grow at the 14.4% rate of requested growth for NSF overall. For Behavioral and Neural Sciences, we recommend an FY91 funding level of $52,444,000. For the Social and Economic Sciences, we recommend a funding level of $36,904,000 in FY91. The President's corresponding requests for FY91 are $49,058,000 and $35,490,000, respectively.

I would end this portion of my testimony by pointing out to the Subcommittee that within the behavioral and social science research community, the ongoing problem with funding has become such a concern that a task force to the BBS Advisory Committee has recently recommended serious consideration of making two directorates of BBS: One for the biological sciences and one for the behavioral and social sciences. The rationale for that consideration is that our sciences lack representation by a behavioral or social scientist at the higher levels of NSF administration. Put simply, our sciences have no seat at the decision-making table. A division would be a drastic solution to our problem, and one that has a number of shortcomings, not the least of which is that it would institutionalize an artificial break between biology and behavior. There should not be a break in the continuum from biology to behavior. The willingness of our scientists to seriously entertain the split despite its drawbacks underscores the intense desire of our researchers for substantial change from the constrained situation they have endured for a decade now.

Let me turn to a brief discussion of the overall budget for the National Science Foundation. Several years ago, the House and Senate authorizing committees agreed with the goal set by the President to double the NSF budget over a period of 5 years. This was not a goal pulled out of the blue. It was a concrete way of putting into force the conviction that basic research is what undergirds the economic advancement of the nation. The expectation inherent in that goal is that investing in basic research will return dividends in the form of a healthier economy, and the value of those dividends will far exceed the size of the investment. If this were a gamble, there might be reason for caution. But hindsight tells us that this kind of investment has worked as expected in the past and should continue to work as expected in the future. In fact, it was recognition of the key role of research in innovation that led the Congress to extend NSF's experimental Small Business Innovation and Research program to most of the science-related Federal agencies. Even though the requests coming from the Executive Branch have been in line with the goal, the Congress has had difficulty approving the installments that need to be made to meet the goal. Our scientists believe in the rationale for the requested rises in funding, and we urge this Subcommittee to do all it can to meet the request for a 14.4% overall growth rate for NSF in FY91.

Beyond agreeing with the rationale that prompts this request, we also believe that with the exception of the reservations we have about the funding levels for our own sciences, the Foundation leadership has made excellent choices about how it wishes to allocate the requested funds. Taking a cue from your own Subcommittee, NSF has asked this year for a substantial rise in funding for science and engineering education. Expenditures in this area are consistent with the consensus of opinion in the Congress, among the nation's governors, and among the citizens of the country that we have no choice but to make dramatic improvements in the quality of science and mathematics education from kindergarten through graduate school and beyond. Nothing that science has to offer in the way of improving our lives can become reality without a well educated citizenry. We need not only scientists but also a citizenry that can make the best use of what science has to offer. In our own fields, the current statistics would seem to indicate that we have a sufficient number of scientists. But it is important to look not just at the number of scientists, but at their age as well. We know that a very large percentage of the behavioral and social science workforce will be retiring in the next ten to fifteen years. Our scientists know that if we are not making conscious preparation now to replace those who will retire, we will be facing severe shortages of scientists by the turn of the century. The requested increase of 30% for human resource development is in line with anticipated needs, and we urge this Subcommittee to support the request.

In research, NSF personnel always seek to get ahead of the research curve. That is, they try to build the research budgets around their perception of the state of progress across the sciences. When it seems clear that a promising field of endeavor could blossom with a sufficient infusion of support, NSF tries to provide that support. This year, we see several innovative ways in which NSF is continuing to employ that mode of operation. When it received many more excellent research center proposals than it was able to fund two years ago, NSF began working to interest states in looking at the possibility of funding some centers. Those contacts have helped to develop a new relationship between the states and the Foundation that promises to both stimulate more research and foster faster application of research in practical settings. In the same vein, the Foundation has begun to reach out to other countries to assist in joint funding of projects in which mutual interests can be identified. NSF is also beginning to work with 6 other Federal agencies in supporting the Global Change Research Initiative. Partnership, obviously, is an area NSF has identified as ripe for development. We believe NSF's perception is correct. Science itself is moving toward partnerships among investigators from many distinct fields. It is to NSF's credit that it has identified this trend and is not hesitating either to engage in partnerships itself or to foster other partnerships wherever it can.

Our scientists believe NSF is, for the most part, on the right track, and that it is demonstrating excellent leadership in science. We urge this Subcommittee to fully support the President's request for NSF and the modest augmentation we have requested to make the behavioral and social sciences more nearly equal partners at the Foundation. I thank the Subcommittee for this opportunity to present our views.

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

THOMAS B. COURTICE, NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

Mrs. BOGGS. Please, may we hear from Dr. Thomas Courtice of the National Association of Independent Colleges and Universities?

Dr. COURTICE. Madam Chairwoman, Representative Atkins, it's a pleasure for me to be here this morning to present my views concerning the 1991 appropriations for the National Science Foundation.

My name is Tom Courtice. I am President of West Virginia Wesleyan College and one of 821 institutions who are members of the National Association of Independent Colleges. I also represent them today.

I am here to endorse the Administration's 1991 budget request for 463 million in NSF education and human resources programs and in particular, to applaud the NSF request for $134 million for undergraduate programs.

You will not be surprised to hear me say that I believe the undergraduate program is one of the most critical links in the pipeline producing scientists and engineers for this Nation and for the future.

Indeed, in terms of the percentage of their undergraduates who later earn science and engineering Ph.D.s, 35 of the 40 colleges and universities, are independent institutions, and 19 of the 40 are relatively small private, liberal arts colleges.

West Virginia Wesleyan and schools like it are the feeder system for the science and engineering graduate community. A good reason, I think, to applaud and support the increase in NSF's request for $134 million for undergraduate programs and a critical reason to speak to another portion of the NSF request which cries out for our attention.

Science facilities for undergraduate education and research are in acute need of renovation. I express gratitude for the action which Congress took when it reauthorized the National Science Foundation in 1988 and included the Academic Research Facilities Modernization Act.

You and your colleges appropriated $19.7 million for this program in 1990. The acute need to which I refer is underscored when I tell you that 425 applications for $318 million were submitted to NSF. Of those 425, 282 were from institutions like mine; small, liberal arts colleges where NSF support has averaged less than $400,000 annually.

As a group, we competed for slightly less than $5 million of the $19.7 million appropriation, simply not enough to sustain the feeder system.

The Administration has requested 20 million for the Research Modernization Program in 1991. It's widely known that NSF originally requested far more than this amount, and that the Office of Management and Budget rejected that request.

My plea is that you not lose sight of the significant impact that can be accomplished through an increase over the $20 million requested by the Administration.

Allow me in closing to make my presentations just a bit more specific. West Virginia Wesleyan is the largest of the independent colleges in West Virginia, enrolling over 1,400 undergraduates in 35 degree programs.

Almost 25 percent of our students are studying the sciences. Our undergraduate curriculums programs are challenging and rigorous, and at Wesleyan, 90 percent of all science majors are in the top 25 percent of the student body.

They are all required to do some piece of original research. All of this is being done in a science building that is in critical need of attention.

Christopher Hall of Science was a fine building when it was constructed in 1967. At that time, it accommodated chemistry, math, biology and physics departments.

But science has changed since 1967. New curricula have been necessary at Wesleyan, and those are in the areas of computer sciences, engineering and engineering physics.

But we have added these programs without renovating our existing instructional space for science. Christopher Hall's original design included spaces devoted to faculty and undergraduate student research, and that space has been taken over by computer and engineering labs, which in themselves are inadequate given the make-shift nature of the conversion.

In colleges like Wesleyan and in compromising spaces devoted to faculty and undergraduate student interaction, one of the preeminent qualities of institutions like ours is devastating.

Additional funding for redesign and renovation would help direct this 25-year-old facility and hundreds like it at small college campuses to accommodate the demands of 1990 and the future of 1960 structures.

And furthermore, the loss of these instructional spaces and the deterioration of science facilities make it additionally difficult to attract new science faculty.

Given projected faculty shortages in the next decade, we need every advantage possible in sustaining the level of quality in undergrad and instruction sciences. You can easily identify the cycle. Poor facilities, fewer faculty, fewer qualified science graduates. Without increases in facility support, we face a gloomy future and a potential major rupture in the pipeline.

I am not here to suggest that the recommendations made by the House Committee on Science, Space and Technology to fund the facility program at $187.5 million rather than the $20 million suggested by the Administration is realistic. Rather, I ask that you do consider a request that substantial increases in the modernization program is in fact critically needed.

Thank you, Madam Chairman. I will be happy to answer any questions.

Mrs. Boggs. Thank you very much.

Mr. Atkins?

Mr. Atkins. No questions.

Mrs. Boggs. We thank you very much.

[The statement of Dr. Courtice follows:]

TESTIMONY

OF

THOMAS B. COURTICE, PRESIDENT
WEST VIRGINIA WESLEYAN COLLEGE
BUCKHANNON, WEST VIRGINIA

ON

FY 1991 APPROPRIATIONS

BEFORE THE

SUBCOMMITTEE ON VETERANS AFFAIRS, HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

MAY 3, 1990

11:20 a.m.

Good morning, Mr. Chairman and members of the subcommittee. I am Thomas B. Courtice, president of West Virginia Wesleyan College. I appreciate this opportunity to present the views of my institution and those of the National Association of Independent Colleges and Universities (NAICU) concerning FY 1991 appropriations for the National Science Foundation (NSF). NAICU represents approximately 850 independent colleges and universities, including major research institutions, faith-related schools, liberal arts colleges, historically black colleges and universities, two-year junior colleges, and specialized colleges of various types. I should also note at the outset of my testimony that the funding request outlined below is supported by all the major higher education associations, spanning all components of American higher education.

Of the many responsibilities that have been assigned to the NSF, none is more important than its role in helping the country meet its need for scientists and engineers. There is well-founded concern that by the year 2000, the nation will be facing a serious shortage in the number of science and engineering Ph.D.s that it is producing. It has been predicted that this shortfall could grow to 7,500 per year by the beginning of the next decade. This is due to two key factors. The first is the increased demand, in industry, government, and academe, for such highly-skilled individuals. The second is demographic changes. These factors include both the drop in the number of college-aged individuals that will continue through the mid 1990s, as well as growth in the college-aged population of individuals who traditionally have had low levels of interest in science and engineering careers. The number of science and engineering baccalaureates awarded was relatively stable in the late 1980s, but it remains to be seen whether this level can be maintained.

Fortunately, much attention has been focused on how we can address these impending shortages. First, and most critical, is the understanding that interest in science is developed at a very early age, and that this interest must be encouraged from these early years through the graduate school experience. A 1987 report by the National Academy of Sciences says it well, "Every educational and developmental stage is a potential point of intervention, and a comprehensive approach to nurturing science and engineering talent must address the whole pipeline."

NAICU is proud of the contributions that its member institutions, such as West Virginia Wesleyan, make to the scientific pipeline by educating individuals who go on to pursue Ph.D.s in science and engineering. When ranked in terms of the percentage of their undergraduates who later earn science and engineering Ph.D.s, almost 90 percent -- 35 of the top 40 colleges and universities -- are private institutions, and 19 of the top 40 colleges and universities are private liberal arts colleges such as Haverford, Grinnell and Pomona. The intensive interaction that students have with faculty at these types of institutions, and the emphasis that these schools place on teaching are significant factors in creating the high level of interest in science careers. These colleges include women's colleges and traditionally black colleges as well as other private liberal arts institutions.

According to the Office of Technology Assessment report, Educating Scientists and Engineers, "Small liberal arts colleges with some active research produce, in relation to their size, a remarkable number of students who eventually earn Ph.D.s in science and engineering." The report adds that there is a great need "to pay more attention to the quality of undergraduate programs -- the extent of interaction between students and senior faculty, the balance between curricula designed to weed students out and curricula designed to nurture students along, and the availability of undergraduate research experiences."

NAICU strongly endorses the administration's FY 1991 budget request of $463 million for the NSF's education and human resources programs. We applaud the fact that these programs are slated to comprise 20 percent of NSF's budget by FY 1991, compared to the extremely low level of three percent in FY 1982. In particular, we support the almost $134 million that NSF is requesting for undergraduate programs; this is a $44 million, or 48 percent increase over last year's level. These programs span much of NSF's activities and include support for student research, faculty enhancement, course and curriculum development, and instructional instrumentation and laboratory development. Although many of these grants are relatively small, they can have an enormous impact on students on our campuses, and can draw young scholars into science careers by giving them the opportunity to practice science using the latest equipment and methodology.

We also support the administration's request for $94 million for special programs for minority institutions, minority women, and disabled students. The future vitality of our nation's science and technological activities will hinge in a large part on our ability to draw more women, blacks, and Hispanics into science and engineering careers.

NAICU also endorses the administration's request of $1.954 billion for NSF's research and related activities. The bulk of this request is to support individual investigator research projects. These projects comprise 70 percent of the research and related activities budget, and remain an essential component of NSF's activities. Research in areas such as robotics, information sciences, materials research and semiconductors will enable the country to maintain its preeminence in scientific research.

Finally, I would like to address the issue of facilities. Unlike most forms of undergraduate education, science and engineering education requires that students engage in observation and experimentation. One of the lessons we have learned is that there is a need to provide access to the tools of science -- laboratories and equipment -- in order to plant the seeds of interest in science as a career. Even in the early years, we find that "hands-on science" is what inspires and captures a young person's imagination. At the college level, such hands-on experience is not possible without properly equipped and functional laboratories. And it is difficult for colleges and universities to draw top-notch faculty and retain them without modern research and teaching facilities.

By now this subcommittee is all-too-familiar with the staggering estimates of the costs of renovating, replacing, and in some cases expanding academic research facilities. This deferred maintenance is a product of the almost complete absence of federal support for university facilities since the early 1970s, and the adoption of government policies that have made it difficult for colleges and universities, particularly private instituitons, to raise needed capital, through tax-exempt financing and gifts of appreciated property.

The National Institute of Independent Colleges and Universities conducted a study last year which showed that in the independent sector alone, the estimated need for spending on science facilities over the next three years was $1.6 billion, with $1.2 billion needed for construction and $400 million for repair and renovation. The NSF's 1988 report on Scientific and Engineering Facilities at Colleges and Universities cites the startling fact that for every dollar that was spent by colleges and universities on new facilities, an additional $2.50 was deferred; and for every dollar spent on needed repair and renovation, $3.60 was actually needed.

Congress responded to this need when it included the Academic Research Facilities Modernization Act in its reauthorization of the National Science Foundation in 1988. The program is narrowly circumscribed: grants must be limited to $7 million over three budget years, recipients must match any funds awarded, awards are limited to improvements in existing facilities, and each institution may submit only one application per award cycle. In addition, the research conducted in the facility must be of a type supported by NSF.

Congress appropriated $19.7 million for this program in FY 1990, and the response to the initial solicitation for applications was overwhelming: 425 Phase I applications were submitted, requesting a total of $318 million. Two hundred sixty-two institutions in the Group III category of applicants (those with

NSF support averaging less than $400,000 annually), submitted requests for what may be less than $5 million in funding. Fifty-four historically black colleges and universities and minority institutions submitted applications. The NSF convened review panels on April 1, and Phase II proposals are to be submitted by June 15.

After so many years of federal neglect in the facilities area, the establishment and funding of a competitive grant program for science facilities, however inadequately funded, created enormous excitement on our campuses. This huge response to NSF's first solicitation of applications for its renovation program gave further evidence of the crying need that exists for direct federal support to help institutions make at least some of their science facilities up-to-date.

For these reasons, NAICU supports a substantial increase over the $20 million that the administration has requested for the research facilities modernization program next year. The budget request is unaccountably small in relation to NSF's own documentation of aggregate need. Because we strongly support the administration's request for research and education, we urge you to provide additional funding for facilities.

It is widely known that the NSF originally requested far more than $20 million for this program in its original budget submission to the Office of Management and Budget, but that the request was rejected. More recently, the House Committee on Science, Space, and Technology formally recommended to the budget committee in its "Views and Estimates" document that the research facilities modernization program be funded at its authorized level of $187.5 million. While funding at this level may not be realistic at this time, a significant increase is both needed and possible. We should not lose the momentum and enthusiasm that has been generated, nor be intimidated by all that remains to be done.

NAICU's members are proud of the role they play in advancing the scientific and technological capacity of this nation. The support that they receive from NSF helps them to achieve this important goal. We hope that you will consider our views carefully as you make your funding decisions for the next fiscal year.

I thank you for your courtesy in allowing me to present this testimony today on behalf of West Virginia Wesleyan College and NAICU member colleges and universities.

* * * * *

THURSDAY, MAY 3, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

PRISCILLA KILCREASE, COALITION OF EPSCoR STATES

Mrs. BOGGS. We would like to hear from Dr. Priscilla Kilcrease, who is representing the Coalition of the EPSCoR states.

We welcome you.

Dr. KILCREASE. Thank you, Madam Chairperson, Congressman Atkins.

I am presenting this testimony today on behalf of Sammie W. Cosper, Interim Commissioner of the Board of Higher Education in Louisiana, as well as Dr. Eamon Kelly, who is President of Tulane University, and also as Chairman of the EPSCoR President's Council.

We appreciate the opportunity you have given us to testify this morning. The National Science Foundation established the experimental program to stimulate competitive research at EPSCoR, the acronym, in 1979 to develop the capacity of scientists and institutions in eligible states to compete more successfully for Federal research funding from NSF and other Federal agencies.

The EPSCoR approach involves a coordinated statewide planning effort designed to establish programs which will lead to the development of areas of research excellence within each of these states.

Since 1979, 16 states and Puerto Rico have been designated by NSF as eligible participants in the EPSCoR program. With the support of this committee, for which we are extremely grateful, the Federal Government has invested $49 million in this program over the last 10 years. This in turn has led to nonfederal contributions of $156 million, as well as a substantial improvement in the research environment in these states.

Presently Federal research funding is concentrated in relatively few states and regions of the Nation. As you can see from Chart 1, which is attached to the testimony, the 16 EPSCoR states in Puerto Rico, while containing 13.3 percent of the United States population, receive only 5.6 percent of Federal research and development dollars.

In contrast, the top five research states, which 27.9 percent of the population receive 44.5 percent of Federal R&D dollars.

It's not surprising therefore, and in fact, there may be a relationship, that the EPSCoR states tend to have a per capita income that is lower than the national average and substantially lower than the top five research states.

This is shown in Chart 2. The EPSCoR experiment. While funding at only one-quarter of 1 percent of the NSF budget was designed as a first step in addressing this disparity.

The result has been a significant improvement in state support for research and development in the EPSCoR states. As you can see from Charts 3 and 4, federal support is a percent of total spending. R&D at our research universities, continues to lag significantly behind, both in national average for Federal support and the percentage of support provided to the top five states.

On the other hand, state support of the EPSCoR states is twice the national average, and over seven times as great on a percentage basis it's in the state that receives the greatest amount of Federal support.

The development of human resources in science, mathematics and engineering is supported by the Federal Government in two ways. First, through the indirect cost recovery allowed on research grants, the Federal Government supports state and institutional infrastructure. Those indirect costs, which deserve Federal support, range from 40 to 80 plus percent of the amount of the award.

Currently state EPSCoR committees are expected by NSF to waive those indirect costs. Therefore, we are requesting sufficient additional funds this year to put EPSCoR awards on an equal footing with other Federal research support.

Secondly, the development of human resources is funded directly by the Federal Government through fellowship awards and sciences and engineering education program grants.

Table 1, which is also attached to the testimony, gives the breakdown of these awards by state for fiscal year 1989. As unbelievable as it may seem, the 17 EPSCoR states receive only 1 percent of the fellowship awards and 7 percent of the program grants.

In order to better develop the scientific infrastructure in the EPSCoR states, therefore, we are requesting additional funding for a comprehensive, competitive program of EPSCoR graduate traineeships, undergraduate traineeships and science lab experiments for grades K through 12.

Madam Chairperson, it's now time for a serious, governmentwide systematic effort to broaden this Nation's research base, and we believe that the EPSCoR approach, as developed and refined by the National Science Foundation for over 10 years, is the best way to proceed.

We are not alone in this view. Dr. D. Allan Bromley, the President's Science Advisor and Erich Bloch, the NSF Director, have expressed specific support for having the EPSCoR model adopted by other departments.

NASA has begun such a program through Phase 2 of its space grant college initiative. We strongly endorse their budget request for that program. At EPA, we would urge the committee to consider creation of 100 EPSCoR graduate traineeships in the environmental sciences.

Additionally, we would further urge the committee to support a program of $100,000 planning grants for EPSCoR states to work with EPA on eliminating barriers to successfully competing for EPA research grants.

In 1979, NSF faced with the requirement in its charter that it avoid undue concentrations of research, initiated EPSCoR in an effort to broaden the distribution of its research funds, as developed over the last decade by NSF, this state based model has proven effective.

Two out of the last three engineering research centers awarded by the Foundation went to institutions in EPSCoR states. We in the Coalition believe that this model should be extended to other departments and agencies that fund research, including NASA and EPA.

With the support of this subcommittee, we are confident that the breadth and quality of the research enterprise funded by the Federal Government will be improved and that a significant enhancement of our human resource potential will result.

Thank you, Madam Chairman.

Mrs. BOGGS. Thank you very much.

Mr. Atkins, do you have some questions?

Mr. ATKINS. No questions.

Mrs. BOGGS. Well, I thank you very much for your testimony, and you know our enthusiasm for this program, and thank you for the very specifically done charts that are very easily understandable and which I think have helped to inspire NASA and EPA.

And we are finding that testimony from other committees and from the Department of Energy and so on that the EPSCoR program is something that should really be initiated across the board, and in the Federal program.

So we thank you for your excellent work in this regard.

Dr. KILCREASE. Thank you for listening to us.

[The statement of Dr Kilcrease follows:]

Statement of

Dr. Priscilla Kilcrease
Director of Research and Development
Louisiana Board of Regents
accompanied by
H. Stewart VanScoyoc
Director, Washington Office
Coalition of EPSCoR States
and
Dr. William Vehse
Associate Vice President for
Academic Affairs and Research
West Virginia University

on behalf of

Dr. Eamon Kelly
President, Tulane University

and

Dr. Sammie W. Cosper
Interim Commissioner of the Board of Higher Education
for Louisiana

For

The Coalition of EPSCoR States

Before the

Subcommittee on VA, HUD and Independent Agencies
House Committee on Appropriations
May 3, 1990

Statement of
The Coalition of EPSCoR States
Before the House Subcommittee on
VA, HUD and Independent Agencies
Committee on Appropriations
May 3, 1990

INTRODUCTION.

Mr. Chairman and Members of the Subcommittee, we appreciate the opportunity you have given us to testify this morning. The Coalition of EPSCoR States was formed approximately one year ago to work in support of the concepts embodied in the National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR).

The National Science Foundation established EPSCoR in 1979 for the purpose of developing the capacity of scientists and institutions in eligible states to compete more successfully for Federal research funding from NSF and other Federal agencies. The EPSCoR approach involves a coordinated state-wide planning effort designed to establish programs which will lead to the development of areas of research excellence within each state. Since 1979, 16 states and Puerto Rico* have been designated by NSF as eligible for participation.

With the support of this Committee, for which we are grateful, the Federal government has invested $49 million in this program over the last 10 years. This has in turn led to non-Federal contributions of $156 million as well as a substantial improvement in the research environment in these states.

The EPSCoR Coalition was formed to increase awareness of the EPSCoR program, to secure additional funding for it at NSF, and to encourage other agencies and departments of the Federal government to adopt complementary initiatives. By this statement we request this Subcommittee's support for the following programs for FY 1991:

At NSF:

1. Allow full indirect cost recovery for EPSCoR grants--estimated cost $4 to 5 million.
2. Establish 300 EPSCoR Graduate Traineeships ($18,000 each, competitively awarded) --$5.4 million

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*Alabama, Arkansas, Idaho, Kentucky, Louisiana, Maine, Mississippi, Montana, Nevada, North Dakota, Oklahoma, Puerto Rico, South Carolina, South Dakota, Vermont, West Virginia and Wyoming.

3. Establish 400 EPSCoR Undergraduate Traineeships ($5,000 each, competitively awarded) -- $2.0 million

4. Science Lab Exposure Program, Grade K-12 --$5.0 million

At NASA:

1. Support Administration Request for Phase II, Space Grant Colleges

2. Establish Competitive Research fund for Phase II Space Grant Colleges $2.0 million

At EPA:

1. 100 EPSCoR Graduate Traineeships at $18,000 each-- $1.8 million

2. Planning grants for EPA EPSCoR program -- $1.7 million

Characteristics of the EPSCoR States.

Research.

Presently, Federal research funding is concentrated in relatively few states and regions of the nation. As you can see from Chart I, the 16 EPSCoR states and Puerto Rico, while containing 13% of the United States population, receive only 5.6% of Federal research and development dollars. In contrast, the top five research states, with 27.9% of the population, receive 44.5% of Federal research and development dollars. It is not surprising, therefore, -- in fact it may be related, -- that the EPSCoR states tend to have a per capita income that is lower than the national average and substantially lower than the top five research states. This is shown in Chart II.

The EPSCoR experiment, while funded at only one-quarter of one percent of the NSF budget, was designed as a first step in addressing this disparity. The EPSCoR approach involves the establishment of a state-wide coordinating mechanism to:

-- Identify state and institutional barriers to successful competition for funding.

-- Develop a comprehensive improvement plan supported by state and institutional resources.

-- Undertake a merit review of all EPSCoR programs and;

-- Implement an improvement plan focusing on infrastructure improvement, research enhancements and human resource development.

The result has been a significant improvement in state support for research and development in the EPSCoR states. As you can see from Charts III and IV, Federal support as a percent of total spending for research and development at our research universities continues to lag significantly behind both the national average for Federal support and the percentage of support provided to the top five states. On the other hand, state support in the EPSCoR states is twice the national average and over seven times as great on a percentage basis as it is in the state that receives the greatest amount of Federal support.

Science Infrastructure and Human Resources.

The development of human resources in science, mathematics and engineering is supported by the Federal government in two ways. First, through the indirect cost recovery allowed on research grants, the Federal government supports state and institutional infrastructures. Those indirect costs, which deserve Federal support, range from 40 to 80 plus percent of the amount of the award. Currently state EPSCoR committees are expected by NSF to waive indirect costs. Therefore, we are requesting sufficient additional funds this year to put EPSCoR awards on an equal footing with other Federal research support.

Secondly, the development of human resources is funded directly by the Federal government through fellowship awards and Science and Engineering Education Program Grants. Table I gives the breakdown of these awards by state for FY 1989. As unbelievable as it may seem, the 17 EPSCoR states receive only 1% of the fellowship awards and 7% of the program grants.

In order to better develop the scientific infrastructure in the EPSCoR states, therefore, we are requesting additional funding for a comprehensive, competitive, program of EPSCoR graduate traineeships, undergraduate traineeships and science lab experiences for grades K-12. Such a program would take advantage of the state EPSCoR committees already in place, and use them as a focal point for development of the scientific enterprise. Such a program would cost about $12.4 million or $730,000 per state.

Initiating an EPSCoR Program at NASA and EPA.

Mr. Chairman, it is now time for a serious government-wide, systematic effort to broaden this Nation's research base, and we believe that the EPSCoR approach, as developed and refined by NSF for over 10 years, is the best way to proceed. We are not alone in this view; Dr. D. Allan Bromley, the President's Science Advisor, and Mr. Erich Bloch, the NSF Director, have expressed specific support for having the EPSCoR model adopted by other departments. We would also note that the Association of American Universities (AAU) and the National Association of State Universities and Land-Grant Colleges are both on record in this regard.

NASA has begun such an initiative, through Phase II of its Space Grant College initiative. We strongly endorse their budget request for that program. In addition, as the Space Grant College initiative is solely an infrastructure program, we would urge that the Committee create an additional incentive for participation in that program by establishing a pool of research funding, to be awarded competitively to those institutions participating in Phase II.

At EPA, we would urge the Committee to consider creation of 100 EPSCoR graduate Traineeships in the environmental sciences. Additionally, we would further urge the Committee to support a program of $100,000 planning grants for EPSCoR states to work with EPA on eliminating barriers to successfully competing for EPA research grants.

Conclusion.

In 1979, NSF, faced with a requirement in its charter that it "avoid undue concentrations of research" initiated EPSCoR in an effort to broaden the distribution of its research funds. As developed over the last decade by NSF, this state-based model has proven effective; two out of the last three engineering research centers awarded by the Foundation went to institutions in EPScoR states.

We in the Coalition believe that this proven model should be extended to other departments and agencies that fund research, including NASA and EPA. With the support of this Subcommittee, we are confident that the breadth and quality of the research enterprise funded by the Federal government will be improved and that a significant enhancement of our human resource potential will result.

THURSDAY, MAY 2, 1990.

VETERANS AFFAIRS

WITNESS

HON. DANIEL GLICKMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Mrs. **BOGGS.** We would like to hear from our colleague, please, Mr. Dan Glickman.

Mr. **GLICKMAN.** Thank you, Mrs. Boggs and Mr. Atkins.

I will take just a brief one moment. I thank you for allowing me.

I was testifying elsewhere this morning. I am sorry I was here late.

I would ask my statement appear in the record. I have never testified for a morgue before, but that is what I am doing today.

And basically the statement asks for $487,500 for funding for a morgue. I would not ask this of you except the center in Wichita has said that the conditions are pretty bad indeed with the facilities that they have there now.

And they have talked to me in some depth about what they do with body organs, and I won't go further, other than to say that anything that you can do for us in this regard would be appreciated. Apparently this has been on the VA's list, but has been pushed back because of funding problems.

So anything you could do, I would appreciate.

Mrs. **BOGGS.** Well, thank you very much. We will take that into consideration.

Mr. **ATKINS.** Madam Chair, I thank the Representative for not reading what is a very morbid statement. He has introduced me to a new concept, the problem of cadaver odors. I certainly appreciate the needs that you have, and it certainly is a very serious matter for them.

Mr. **GLICKMAN.** I would also say that this subcommittee and the Congress over the years has been very kind, and we have one of the few modern nursing homes at any VA hospital in the country. And unfortunately, it has meant we have more need for the facility that I am asking for today. So anything you could do, I would appreciate.

Mrs. **BOGGS.** Thank you.

[The statement of Congressman Glickman follows:]

4TH CONGRESSIONAL DISTRICT - KANSAS

MEDIA RELEASE

CONGRESSMAN
DAN GLICKMAN

1212 Longworth H.O.B. • U.S. House of Representatives • Washington, D.C. 20515-1604 • (202) 225-6216

CONGRESSMAN DAN GLICKMAN
VA-HUD SUBCOMMITTEE TESTIMONY
WICHITA VAMC MORGUE PROJECT
MAY 3, 1990

Mr. Chairman and members of the Subcommittee, thank you for allowing me to testify here today about a very important project at the Department of Veterans Affairs Medical and Regional Office Center in Wichita, Kansas. The Wichita VAMC is a 162-bed facility that provides excellent health care to 82,000 veterans annually, in part because it attracts a high quality teaching and research staff.

Unfortunately, the medical research and teaching capabilities of the Wichita VAMC are being jeopardized by an inadequate morgue. The VAMC morgue was built in 1933. Despite the continued growth of the Wichita VAMC, the morgue has never been expanded or modernized. Over the past 57 years, great advancement has been made in the world of forensic science in preservatives and techniques that the Wichita morgue is ill-equipped to accommodate. In fact, the only modern equipment in the morgue is an essential two-body cooler added 12 years ago, which occupies much of the morgue's very limited floor space.

The morgue is so undersized that only three of the VAMC's 26 residents can observe autopsies at once. In addition, poor ventilation interferes with autopsies because formaldehyde and other cadaver odors can prevent students from remaining in the morgue during dissection, a necessary aspect of their medical training. The morgue also has very limited storage facilities. Consequently, jars containing medical organs line the counters, the floors, and are stacked in the sink.

The Department of Veterans Affairs has recognized the need for a new morgue in Wichita, but has pushed back the project several times for lack of funds. Engineers at the Wichita facility estimate the project will cost $487,500: $27,500 for architectural and engineering specifications and approximately $460,000 for construction. The AE drawings should be completed within 90 days from the time the funds become available, so both projects could easily be completed in fiscal 1991.

Inclusion of this project in the 1991 appropriations bill will ensure that veterans treated at the Wichita VAMC continue to receive quality, cost-effective medical treatment from medical researchers, teachers, and students.

THURSDAY, MAY 2, 1990.

NATIONAL SCIENCE FOUNDATION

WITNESS

REVEREND JOHN E. DEEGAN, PRESIDENT, MERRIMACK COLLEGE, NORTH ANDOVER, MASSACHUSETTS

We have the pleasure of having with us Reverand John Deegan, and I would like very much if Mr. Atkins would do us the favor of an introduction.

Mr. ATKINS. Thank you very much, Madam Chairman. It's my great pleasure to introduce to the committee Father John Deegan, the President of Merrimack College in North Andover, Massachusetts.

Madam Chairman, Father Deegan has been a national leader in an area which I think is particularly important for this committee, and that is in the area of exploring the connection between undergraduate teaching institutions, working with urban school systems.

He had enormous success in the City of Warrens in my district working particularly to encourage, and I know this is an area near and dear to your heart, women and minorities, to both take an interest in and understand the opportunities for careers in science and engineering.

Father Deegan has also worked nationally on trying to spread NSF monies so that more of it was available to undergraduate teaching institutions, and where connection with those institutions, particularly in their capital needs, another subject which I know we will be wrestling with in our mark up.

So I thank Father Deegan for his appearance before us this morning.

Mrs. BOGGS. Thank you, Mr. Atkins.

Father, you may proceed as you wish.

Rev. DEEGAN. Thank you, Congressman, Madam Chairman.

Thank you for the opportunity. I don't know if it's good or not to follow the morgue. I hope I can give a little life into this presentation. I will try to keep it upbeat.

I will summarize my testimony so that we might have a chance, perhaps, for some conversation and questions.

Basically, I am representing Merrimack College, of which I am the President, and also the Association of Independent Colleges and Universities in Massachusetts of which I have the privilege of serving this year as their chairman. That represents some 30 independent colleges in the Commonwealth.

As you know, the Commonwealth of Massachusetts is unique in the idea that we have more private colleges and students in the private sector there than we do in the public sector.

Of course, what we would really like to draw your attention to really is the priority funding for the NSF and the attention that has been given, and rightfully so, we think, to research institutions.

However, I would like to ask that perhaps putting your, as I say, your eggs in one basket is perhaps attacking the pipeline at the wrong end, and what I would like to do, as Dr. Courtice said before me, is make a plea for looking at where the future engineers and scientists are going to come from, and where do they get their best education, their love for the field of science and engineering.

And I believe that is basically in the secondary, elementary secondary schools, but it's perfected in your undergraduate colleges, the teaching colleges, is very important.

So I feel that we need to put some emphasis on what is happening in the curriculum, in the instruction at the college level, and also another point I would like to make is what can we can do to best effect an area which I think is very important, the elementary, secondary level, getting an early intervention for interest in science and engineering and math and that type of thing.

The best that we can do really is to take some time with the teachers that are in the field right now. And the teaching colleges, such as ourselves, are the ones that can do that, can take the people who are in the field, help them update their skills, and then, of course, get the next generation of future teachers to do that.

Also, we need to look at our own facilities. The plea that Dr. Courtice had and I would support is that we need to put some monies into the facilities on the undergraduate level in order that we might rehab them or build new facilities.

I think these are very important. So your money needs to be directed, the more than $20 million that is earmarked at this point, towards helping us, the small teaching liberal arts colleges who have strong core curriculum emphasis, help us do the updating of our facilities and also of our curriculum and that type of thing.

I think that is very core. Obviously, when you build buildings back as we did to meet the needs of the post World War II group in the 1950s and then you try to teach the science of tomorrow really in buildings that are sort of antiquated, you really need some help to rehab them or build new ones.

I think that is very important. Also, the quality of what is going on, the quality of teaching needs to be emphasized.

Congressman Atkins did mention that we are involved, I think, in some of the creative approaches to doing this, and we have set up partnership with a school in Lawrence, Massachusetts. Lawrence is indeed a city that is in crisis. They are really suffering from mass immigration of minorities. They are 75 percent Hispanic in the school system and what the college needs to do in any college, it needs to be part of the solution of those problems.

Merrimack College has moved in with a relationship with the school, and we are now doing work with the students and the school. We are doing parenting with the parents in helping them try to do some things, and we are exposing them in the summers to on-campus experiences in science, engineering and computer science, trying to give them a flavor that not only is science available to them, but college can be one of their dreams, also.

So it's an ongoing work with the teachers in the school, upgrading their skills, getting some instrumentation types of seminars for the chemistry teachers and those type of people in secondary schools, as well as the general science teacher in your elementary schools.

Now, a small college such as Merrimack has been able to do some research which I think is even revoluntionary in the sense that we have one of our professors who has worked with a group from Boulder College to develop the microscale for chemistry, which takes the whole question of environment, the numbers of chemicals you use in your experiments, the amount of wastes that you are going to dispose of, it's a revolutionary approach to teaching science on the high school level as well as on the college level, and has now been adopted by some 250 colleges in this country and is going nationwide.

None of that research was helped along by NSF grant, and I think that this is the type of thing you go on and you combine the research as well as the teaching in a college such as ours, and that is money well spent because it's a revolutionary type of approach to the teaching of chemistry at all levels, and it really affects those type of things.

There are some other things that we are doing, but just to summarize, we need to look at facilities. We need some help there. We need to look at training our teachers. We need to intersect with the schools, elementary and secondary, to make sure that those teachers are upgraded, and we also need really some help in doing a little bit of research ourselves and add some realisticality in our curriculum and in our teachers in the schools.

Basically, that is it. I would like to stop there and give you an opportunity to ask me some questions, and I ask just in summary that as you are setting priorities for NSF funding, that you look at the undergraduate colleges, the small ones that I think are doing an excellent job throughout this Nation.

Thank you.

Mrs. **Boggs**. Thank you very much.

Mr. **Atkins**. Thank you.

I just had several very quick questions.

One is, Father Deegan, in your written testimony, you indicate the importance of NSF funding, particularly for undergraduate institutions and their ability to attract private funding, even if it's a small NSF grant, it sort of gives the seal of approval that gives you a lever to get some private money.

Could you elaborate on that a little bit?

Rev. **Deegan**. We believe very sincerely that we have to be out there, and we have to show to our donors, the parents, alumni, friends of the business communities, that we really have a quality program.

I think a lot of these people are really impressed when indeed we do compete and do receive NSF grants.

Having done that, I think it attracts other monies. So I believe that we all have financial problems. I don't think the government can solve all the problems, or the state can solve them. We have to do this together business, government together.

But if we can point to grants given, we have done this and we also combine that with private monies, I think that really multiplies what we can do.

I think that is what I feel is very important. And also, it attracts, if we can say we have a number of these grants being granted to our faculty, then again when we are trying to attract faculty, we need to have that, look, we have a track record, not only can you teach here, you can also get some research grants and help with the field, which is important to the faculty.

Mr. ATKINS. On the issue of the microscale, which of course is going to have an enormous effect on reducing for local school system and for many colleges their cost of science education because you are going to reduce the quantity of chemicals they have to purchase and dispose of, do you see areas where an investment by NSF in looking at the equipment that we use, the laboratory equipment for undergraduate and elementary and secondary science, where we can bring costs down and have a significant leverage effect on the cost of science education?

Rev. DEEGAN. I think the whole thrust to environmental education in joint programs is we are trying to introduce a program which will be a combination of our chemistry department, biology department, and our civil engineering section, and they are dealing with the environment and how you treat waste, fumes, all those type of things from interdisciplinary approach so that the student really becomes interested in the environment.

It's an investment in the future of the student. If students see that they can, by pursuing these types of scientific endeavors, have an effect on what is happening in our environment, the pollution, both from industry, from cars, from chemicals, it's a whole new career that can open up to them.

So I think there is some invention or something to come along to help us with that, probably, but that is in the research phase. But what can we do? We can put into the marketplace a lot of good working engineers who honed an environmental attitude, a context, a philosophy, that the environment is important and I as an engineer, scientist, whatever, must do my part to protect the environment .

So I don't know if that is a direct answer to your question, but that is my theory.

Mr. ATKINS. Thank you.

Mrs. BOGGS. Father, thank you very much.

In your working with the high school students, do you have several schools or just one?

Rev. DEEGAN. We are in a consortium with other colleges in the area, and each college is taking a school to try and do some of the things.

So in the City of Lawrence, I think if I get the numbers of the individual elementary schools and high schools there are, there is one major high school, but each one has paired with a college in the area. We have 11 colleges in our consortium, and I think four or five of the colleges are concentrated in the City of Lawrence.

Mrs. BOGGS. And do you work with the private and parochial schools?

Rev. DEEGAN. We have done pretty good with the private. We feel that right now the impact is on the public school system, so we are working with them first. Obviously it will spill over.

Of course, the students have been getting volunteers fantastically, but also our staff and our faculty are volunteering some of their time to do these things, but it's not a paid thing most of the time.

So it's hard to continue those programs because the way you do it, you have to fund it through operating funds.

So a good grant is kind of working with the schools. It would be very helpful to my schools and to other schools in the commonwealth.

Mrs. **Boggs**. Thank you very much.

Rev. **Deegan**. Thank you. It was a pleasure.

Mrs. **Boggs**. Thank you, Mr. Atkins.

The committee will be adjourned until 2:00 p.m.

[The statement of Rev. Deegan and additional written testimony on the National Science Foundation follows:]

Merrimack
COLLEGE
North Andover, Massachusetts 01845, 508-683-7111

Office of the President

Testimony for the House Committee on Appropriations on the Priorities of the
National Science Foundation by
Rev. John E. Deegan, O.S.A.
President, Merrimack College, North Andover, Massachusetts and
Chair of the Association of Independent Colleges & Universities
of Massachusetts
May 3, 1990

Mr. Chairman, distinguished members of the committee:

I want to thank you for allowing me to testify on the most important question of priorities of the National Science Foundation. My name is John E. Deegan, O.S.A. I am President of Merrimack College, a four-year undergraduate comprehensive college in Massachusetts that has a significant science and engineering program. Also, I am the Chairman of the Association of Independent Colleges and Universities of Massachusetts. As you know, Massachusetts is the only state in the union to have more students attending private institutions than public institutions. The private colleges and universities of Massachusetts begin at the junior college level on up to research universities.

The National Science Foundation, by its own estimates, indicates that the United States will be short at least 45,000 scientists and engineers by 1991. Indications show that high school graduates are selecting science or engineering in dramatically decreasing numbers. If the trend continues, some estimates place this nation's deficit of scientists and engineers at 700,000 by the year 2010. Physics is becoming a lost science in high school curriculums because of the aversion on the part of students to take a hard science.

Because of both of my positions, I have a particular interest in how this committee directs the National Science Foundation to assist in the reclaiming of scientific and engineering leadership of the world. This is a prodigious task for the government alone to achieve. Throughout the past two decades or longer, this nation has seen the erosion of its strength to innovate, to build and manufacture, and to create the wealth and economic strength that is necessary for its vitality. It is time that we, as a nation, realize that it will take a deep and broad commitment to hard work, financial resources, and time, to recapture this lead.

In the recent past, the National Science Foundation has begun taking its cues from Congress to address the nation's scientific and engineering deficiencies. The NSF began this long process by focusing its funding toward large research universities. There is a certain logic to this approach. However, I believe that, under further scrutiny, this committee will want to reconsider the approach of the N.S.F. to "put all your eggs in one basket." When considering how to create a pipeline of scientists and engineers, the N.S.F. has focused on the end of the pipeline, where future scientists and engineers come out. It has virtually ignored the major source of doctoral candidates which is, of course, the four-year college. These are the institutions that focus on teaching, and are educating many of the young scientists and engineers that eventually are admitted to post-graduate programs. As President of one of the teaching-oriented institutions, I know that our graduates go on to graduate education well prepared because of the commitment and excellence of our faculty. However, the other factors in the equation that are necessary to improve nationwide science are not readily available. The cost of building and maintaining science and engineering facilities strain the financial resources of all but a few undergraduate institutions. Excellent or, at least, quality facilities are necessary to convince young undergraduates that science and engineering are careers worth pursuing. These facilities are a good investment for the N.S.F. because they are far less costly to construct than research facilities, and remain technologically current for much longer because of the nature of their use.

Along with the construction of buildings, regular up-dating of equipment with eventual rehabilitiation of the facilities themselves is critical. The cost of just one piece of good laboratory equipment can exceed the budgetary capacity of many small, teaching institutions. Money for programs and grants directed toward smaller schools can assist in re-invigorating a teaching-oriented faculty and provide curricula reform to keep pace with an ever-changing world of science and engineering. The prestige of winning a N.S.F. grant is critical in convincing private supporters of the viability of an institution's academic program.

There are other important reasons for providing funding to smaller teaching institutions. One important reason is the need for national scientific literacy. At Merrimack College (and many of her peer institutions) science is a critical and integral part of the curriculum for all majors. All students are expected to understand the importance and methods of science as part of their undergraduate experience. Without that knowledge, colleges would hesitate to call their graduates educated citizens in society. This well-rounded training and understanding in science or engineering on the part of our educated citizenry will be required to make science and engineering excellence a priority for the future.

It has been proven that the best way to learn science is to do it. We believe that all students should have a "hands-on" laboratory experience as a part of any serious science course. Our future will be based, in large part, on the commitment and ability of the leaders of our society to make informed decisions about the role of science in our society.

Smaller teaching institutions also provide retraining to the nation's elementary and secondary school teachers. These individuals will be expected to keep current in their field and improve their teaching skills. With a nation demanding more of science teachers, the nation will turn again to teaching colleges for assistance. Instructing teachers in 30 or 50 year old labs does not make sense. Research institutions are not positioned to take up this task of retraining, given their focus. Congress must take the lead in pointing out that we need science that is good throughout the entire educational spectrum. It must be good in every elementary, secondary and undergraduate classroom before the top research can have an effect. If we want our children to contribute to the future of this nation, we have to provide them with a science education at all levels that will spark their interest and capture their imagination.

This is a difficult time financially for the national budget as it is for our small teaching institution. As President of a private college, I can assure you that we need and expect a significant amount of funds from any capital to come from our supporters. These supporters include alumni, friends, parents, students and other donors. Private colleges are expensive now for many reasons, and the need to improve our science and engineering facilities will only put more pressure on tuition in the future. We believe that we provide a good education now but, in the best interest of the nation, we must continue to improve the quality of that education. To do this we need your help. We need the N.S.F. to redirect some of its resources toward undergraduate teaching institutions. We are not asking you to bear all of the cost. We know that we need to provide significant resources for these projects. We are not asking for a "hand-out." We are asking you to invest in the future. We believe in the young people of this nation and that, given the right challenges and support, they will enable the United States to return to being the scientific, engineering and economic leader of the world. It cannot be done without your leadership and financial support. All of us have an important role to play in ensuring the future. Let us begin the process today.

Thank you.

Rev. John E. Deegan, O.S.A.
President
Merrimack College
North Andover, MA 01845

aascu

American Association of State Colleges and Universities

Testimony

Given By
Dr. Frederick Humphries
President
Florida A&M University

to the
HUD-Independent Agencies Subcommittee
United States House of Representatives

May 3, 1990
Washington, DC

on behalf of
American Association of State
Colleges and Universities

Mr. Chairman, members of the Committee, I appreciate this opportunity to present testimony on Science and Engineering Education programs at the National Science Foundation on behalf of the American Association of State Colleges and Universities (AASCU). AASCU is an organization that represents 375 public colleges and universities and over 30 state university systems across the nation. Our institutions educate 20% of the minorities enrolled in higher education, produce 50% of the nation's educators, and grant 33% of the bachelors degrees awarded in the United States.

Over the past year the critical needs of science education and the key role it plays in our nation's economic growth has been acknowledged. Additional funding and new legislative initiatives have been recommended to confront the current dilemma we face in science education.

We support the Administration's FY 1991 appropriation request of $2.38 billion for National Science Foundation programs and are glad to see that the recommended level is in keeping with with the 5 year doubling goal.

AASCU believes that scientific research and science education are mutually supportive and dependent upon each other. And although it is a new concept to many, it is reassuring to see that it is finally taking hold. The proposed increases for the Science and Engineering Education Directorate (SEE) programs are a strong indication. The Administration has requested $251 million for SEE for FY 1991. These additional dollars would provide an $8.6 million increase for the Teacher Preparation and Enhancement program. Materials Development, Research and Informal Science Education increase by $13.5 million. Undergraduate Science, Engineering and Mathematics Education - an area that received only a $2 million dollar increase last year - has requested $16 million above FY 1990. Research Career Development receives an additional $8 million, and Studies and Program Assessment would increase by $635,000.

The SEE Directorate programs have a direct impact upon the science education deficit. It is through these programs that teachers are trained, curriculum is developed, and students are attracted to careers in the sciences.

In February, the National Science Board released a report entitled **The State of US Science and Engineering**. The NSB report stated the following:

- a dramatic improvement in precollege and undergraduate education is needed. Only a well educated work force can exploit new knowledge effectively and only a technically competent population can deal with the political issues that modern technology raises;

- we need better science and mathematics teachers and we need more of them;

- undergraduate science and engineering need major improvements, especially in areas such as research opportunities and instrumentation.

Increased investment in SEE Directorate programs will address these critical issues.

The Task Force on Women, Minorities and the Handicapped in Science and Technology recently estimated that by the year 2000 our country will be 600,000 people short of filling the needs for scientist and engineers. Assuming this number is accurate, our universities would have to produce 80,000 women, 35,000 Hispanics, and 30,000 Black undergraduates in science and engineering every year of the 1990's in order to avoid the shortage - a difficult task when the percentage of freshman who plan to major in the sciences continues to decline.

These statistics are just one more sign of how serious this situation is. Our nation can not afford to wait any longer to address the critical deficiencies that exist in science education. Long term solutions are needed - quick fix remedies will not suffice.

Confronting the science education deficit will also be necessary if we hope to remain a player in the international marketplace. In 1970 the U.S. share of high-technology markets was 51%, by 1986 it had shrunk to 42%. These statistics will not improve unless we improve.

The following recommendations are from AASCU's recent report on the role of the comprehensive university in undergraduate science and engineering education, **Formula for Reform**.

The report offers these key recommendations:

- the budget for the National Science Foundation (NSF) should be doubled within the next five years;

- there should be equity in the NSF budget between the Science and Engineering Education Directorate (SEE) and the Research and Related Directorate (R&R). When the doubling of the NSF budget is achieved it would total $3.5 billion. AASCU recommends that 1/3 of those dollars go the SEE Directorate and 2/3's go to the R & R Directorate;

- the nation's capability in research and science education should be developed on a broad geographical base;

- 50% of the increased funding for science education should be targeted for improvements in undergraduate science instruction and the professional development of faculty who are dedicated to undergraduate instruction. Channeled in this manner, federal funding has the potential to be the catalyst for reforming the total science education pipeline of the nation;

- the funding and management of undergraduate programs should be consolidated within the Undergraduate Science, Engineering and Mathematics Education Division (USEME). Focusing resources within this division of NSF is essential for accountibility and would prevent the shifting priorities of other directorates from interfering with scheduled undergraduate programs. For instance, the Undergraduate Curriculum and Course Development in Engineering and the Sciences Program proposal deadline was recently extended from April 9 to October 15, 1990. The Research and Related Directorate (R&R) had already committed the dollars necessary to fund the program. However, when the R&R Directorate budget got tight, those dollars went to fund other R&R Directorate program priorities. The curriculm program is now on hold until FY 1991 budget dollars are available. But even when they become available, there is no guarantee that this won't happen again. Having undergraduate programs stretched across the foundation causes confusion and shows a lack of focus. We ask that all management and budget responsibilities for undergraduate programs be placed in the SEE Directorate within the USEME Division, where the priority will always be undergraduate science, engineering and mathematics education.

This year NSF has requested $20 million for the Academic Research Facilities Modernization Program. This is only 10% of the FY 1991 authorization level of $188 million. We feel that this amount should be increased. The need for facilities upgrade and renovation is great. It is estimated that it will take $10 billion over a ten year period to rectify the current conditions that exist on our nation's campuses. Increasing funds for the facilities program is critical, however, additional funding should not be provided at the expense of other NSF programs.

We realize that the problems we are facing in science education are many and the dollars are few. The job you have before you is not an easy one. But it also one that we cannot afford to side step any longer. Investing in science education is an investment in our future, and the future is here.

Again, thank you for the opportunity to address the Committee this morning.

TESTIMONY OF

THOMAS W. COLE, JR., PH.D
PRESIDENT
CLARK ATLANTA UNIVERSITY

SUBMITTED TO THE

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

Testimony of
Thomas W. Cole, Jr., Ph.D.
President
Clark Atlanta University

Submitted to the

Subcommittee on VA, HUD, and Independent Agencies
Committee on Appropriations
U.S. House of Representatives

Thank you, Mr. Chairman, for the opportunity to testify before your subcommittee. My name is Thomas Cole and I am President of Clark Atlanta University in Atlanta, Georgia. I am here today to testify on the subject of the fiscal year 1991 appropriations and to seek this subcommittee's support for science and engineering excellence at Clark Atlanta University.

As you know, in an uncertain world of looming energy shortages, environmental degradation, and shortages of essential materials, the strength of our scientific and technological base is taking on new importance. Expanding energy resources, securing substitutes for rare materials, controlling environmental wastes, enhancing food production, maintaining the nation's security, and other national goals will depend upon state-of-the-art scientific and engineering research and facilities in our nation's universities and industrial and national laboratories.

Yet, our nation's capacity to conduct the high quality research necessary to maintain a competitive position at the forefront of modern science, engineering and technology is threatened by serious deficiencies in our educational system.

Several recent reports on science and engineering education highlight shortages of trained computer professionals and most types of engineers at all degree levels, shortages of high quality faculty to teach science, mathematics, and computer science at pre-college levels, and a 77% decline of mathematics and 65% decline in science teachers being trained between 1971 and 1980.

These problems are particularly acute for minorities. Although by the year 2020 minorities will be one third of the nation, these groups are severely underrepresented among science and engineering university graduates. In 1986-87, for example, only one black American received the Ph.D. in computer science. This reality will become a severe handicap for our nation as we enter the 21st century.

In 1964, there were less than 200,000 black students enrolled in the nation's institutions of higher education. Approximately 85% were enrolled in historically black colleges and universities (HBCUs). Today, the number of black students pursuing higher education opportunities is over 1,000,000 with the majority of these students enrolled in predominantly white institutions. Statistics show that predominantly white institutions enroll about 80% of the nation's black college students while historically black colleges and universities enroll the remaining 20%. Yet, the HBCUs graduate more than 40% of all blacks attending college. Black colleges and universities have provided education otherwise unavailable to thousands of able and deserving youths. Furthermore, much of the black leadership in America today is provided by the alumni of these institutions, an important and critical role which has been recognized by several reports, the Congress, and more recently by President George Bush in his February 1989 report to Congress on the education policy and initiatives of his administration.

Both Clark College and Atlanta University, which merged in 1988, have a firm commitment to the education of black Americans. Over the past few years they have initiated several programs to address the underrepresentation of blacks in all fields, but particularly, in the natural sciences and engineering. In addition, in the last seven years, both institutions have made remarkable progress towards a substantive research productivity in the sciences and mathematics.

As part of such efforts, we have conducted a wide range of research in partnership with the federal government, national laboratories and industry. Examples of such research include but are not limited to: synthesis and characterization of liquid crystalline polymers; theoretical investigations of amorphous silicon systems; theoretical investigations of chemisorption on transition metals; computational techniques for dynamic programming analysis of generalized networks; transformational techniques for software development; and biochemical testing of potentially hazardous chemicals for toxicity using mammalian liver cell cultures.

In order to continue and expand advanced scientific research and minority training Clark Atlanta University now proposes to complete construction of the Research Center for Science and Technology (RCS&T).

Working in collaboration with the academic science and mathematics departments, the RCS&T will pursue the following primary objectives: conducting sponsored basic and applied research; educating high-school, undergraduate and graduate students and postdoctoral scholars through formal courses, seminars, workshops, and research; collaborating with scientists from universities, industry, business, and government agencies and laboratories; serving as host during summers or sabbaticals for faculty from historically black colleges and universities and other universities from around the nation and the world; and incubating small high technology firms and companies.

The RCS&T will contain laboratories and support facilities for research in: energy, materials, biotechnology/health and environment, computational and engineering sciences.

The Advanced Materials Program's initial emphasis will be on polymers, ceramics, optical fibers, and alloys. In the polymer area, emphasis will be placed on both functional polymers and high performance polymers.

Functional polymers can be specifically tailored to achieve efficiency in areas such as electronics and biomaterials. However, the fundamental science for the realization of their potential is lacking. We propose to conduct research in areas such as polymers for electronic applications and polymers for biomedical applications, in order to maximize the potential of these important materials.

The increasing demand on materials for high performance in aerospace and military transportation, among other areas, requires research into ways in which high performance polymers and ceramics are capable of satisfying this demand. This research requires blending of different polymers, ceramics and organic composites whose surface and interfacial properties are uniquely controlled. However, the understanding of the science of interfaces is lacking. The programs of interest here, that we propose to research, are polymer blends, advanced thermoplastic composites, ceramics composites and alloys, glass-polymer composites, superconducting materials, and electrets. Furthermore, knowledge gained in this area will also be applicable to the development of biopolymers.

In the field of alloys, research at the RCS&T will be highly focused on residual stress analysis in both alloys and ceramics. This research will be crucial in preventing problems during fabrication or use. Thus, we may be able to prevent commercial aircraft accidents resulting from cracks in fuselage due to residual stress.

The Energy Sciences Program will include many research areas. One of them will be catalysis, a major phenomenon in the processing of fossil fuels such as oil, coal, and gas, which are vital to our national economy and security.

In the past two decades, there has been a rapid growth in the application of catalysts to the conversion of fossil-based fuels, particularly coal, into useful gaseous and liquid feedstocks. In addition, both homogeneous and heterogeneous catalysts have been applied to the synthesis of various organic compounds and polymers, ranging from simple polymer-derived items to high performance aerospace and defense equipment components. However, the full economic impact of many of the catalysts currently in use are not realized because of unresolved fundamental problems which call for substantially more research in this area.

The initial focus of RCS&T in catalysis research will include: homogeneous and heterogeneous catalysis for synthesis of polymers and adhesives; design, synthesis and characterization of coal gasification and liquefaction catalysts; and catalyst evaluation, deactivation and regeneration.

The Health and Environmental Sciences/Biotechnology Program will address the unprecedented national and worldwide concern about environmental degradation caused by hazardous chemical and radioactive wastes and air pollutants.

While environmental degradation is not a new phenomenon, serious problems on a scale previously unkown or ignored have been identified with toxic substances deposited or emitted in the soil, water, and air in the past as well as those continuously deposited or emitted into the ecosystem today. Specific examples of concern are soils contaminated with heavy metals; land disposal sites containing a variety of hazardous wastes; water systems containing toxic organics; effluent water containing high concentrations of minerals; and of course, acid rain and the ozone depletion in the stratosphere.

Until recently, solutions to our environmental problems have focused primarily on technological fixes, mainly on the physical sciences and engineering. In the future, solutions to the formidable environmental problems we now face will demand a careful blending of engineering, the physical sciences, and the biological sciences.

The RCS&T will facilitate this blending of disciplines by emphasizing research areas such as: hazardous waste minimization, reproductive and developmental effects of environmental agents, radionuclide imaging, cytogenetic effects of environmental agents, in vivo heavy metal decontamination, microbial ecosystem development, bioassays and chemical studies of air pollutants, toxic chemical testing and assessment, industrial waste treatment technology, health effect of drinking water contaminants, ecotoxicity and risk assessment, radiation monitoring, and dosimetry.

The Computational Sciences Program will facilitate interdisciplinary research in the computational sciences, which encompasses sub-areas of established scientific disciplines such as computational mathematics, computational physics, computational chemistry, computational hydrodynamics, computational aerodynamics, and even computational linguistics.

The need for scientific computing research cannot be overemphasized. Several national panels sponsored by NSF, DOE, NASA, DOD, and the National Academies of Science and Engineering have recommended increased research and education in universities in computational mathematics, software, algorithms, and architectures; training of mathematicians, scientists, and engineers in the use of advanced computing systems; and increased research and development basic to the design and implementation of new supercomputing systems.

RCS&T research will concentrate on: chaotic dynamics and fractals, stochastic processes, integral and differential equations, atomic and molecular processes, atmospheric processes, articifical/machine intelligence, software engineering, centralized and distributed databases, and neural networks.

The Engineering Sciences Program will engage engineers in private industry, government and national laboratories and research scientists, faculty and students at the RCS&T in the formulation, analysis, and verification of new engineering approaches that will facilitate the technology transfer of basic scientific products and services to the market place.

New engineering approaches will be researched for innovative concepts arising from applied mathematics, materials science, computer science, biotechnology, health and environmental sciences.

The program will thus promote an "applied" orientation to engineering research in areas such as: process technologies of advanced composite materials; rheo-optical and mechanical properties of polymers, ceramics, and alloys; ceramic technology for advanced heat engines; computational techniques for the design and analysis of controlled structures; flexible structures; smart materials and structures; structural dynamics and control; surface characterization and catalytic activity; clean coal technologies; and robotics.

Construction of the Research Center for Science and Technology began in 1986 but came to a halt because of financial difficulties experienced by Atlanta University. Since then, and in order to strengthen the financial base as well as the educational delivery systems of both institutions, Clark College and Atlanta University merged in 1988.

Clark Atlanta University is now requesting federal support for completion of Phase II. We will share in the cost of this project through a capital campaign drive from alumni, friends, private business and corporations, and will solicit financial assistance from the state of Georgia.

Federal investment in this project will contribute to the future of science and technology in America, to the increased representation of blacks in science education, and to the economic development of Atlanta and Georgia.

THURSDAY, MAY 3, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

HON. BILL LOWERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

HON. DUNCAN HUNTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. **CHAPMAN** [presiding]. Let's reconvene the subcommittee on VA, HUD and Independent Agencies for this afternoon's hearing for outside witnesses to testify concerning the fiscal year 1991 appropriations bill.

I am pleased to welcome our colleague, Bill Lowery, from the great State of California, from the city of San Diego, and Congressman Lowery, we would invite you to go ahead and present your testimony.

Mr. **LOWERY**. Congratulations on your victory on the supercollider. California's loss, Texas' gain.

Mr. **CHAPMAN**. We hope.

Mr. **LOWERY**. Mr. Chairman, I appreciate the opportunity to appear today in support of the President's budget request, that is a shift from any previous year. The President's budget request of $15.7 million for the Tijuana sewage problem, and I would like to request that I be allowed to submit additional testimony for the record.

While the problems of renegade flows of raw sewage from Tijuana, Mexico, have not ceased, I am pleased to say this last year has produced a historic solution to the crisis which has been plaguing the Nation for the past 50 years.

It now appears that all roads lead to the construction of an international treatment facility to solve this environmentally devastating problem.

I would be remiss to not recognize and commend this panel's past commitment to this issue and would like to express my personal gratitude. Without your subcommittee's foresight six years ago to commit $32 million for this problem, we certainly would not be this close to a resolution today.

As you are probably aware, the International Boundary and Water Commission has completed negotiations with its Mexican counterpart and submitted the proposed agreement for the construction of a 25 million-gallon-per-day international treatment facility to the Office of Management and Budget for approval.

It is my understanding they are currently working diligently toward a consensus and are on the verge of a resolution.

I have spoken with members of the Administration and OMB, who have assured me of their support for this project. However, as you know, several concerns have been raised with respect to the U.S. future financial commitment to this project. I would like to take this opportunity to discuss these issues with the subcommittee.

First, on a positive note, disputes over the United States' loan to the Mexican government for their financial portion of the construction of the facility have been resolved and incorporated into the IBWC proposal. Also, concerns with funding for future upgrades to the international facility have been resolved and the funds would be provided by Mexico.

With respect to the United States' continued financial obligation in order to offset the Mexican contribution for operation and maintenance costs, I would like to convey to this panel my support and the need for this funding. It goes without saying the United States' standards for waste water treatment are higher than Mexico's.

Annual contributions from the United States will be required in order to offset the additional funding needed for the operation of a facility using higher technology.

It is imperative we provide this higher standard of waste water treatment not only to comply with Federal Clean Water Act mandates, but also, to ensure the protection of the two federally protected ecosystems located in the area, the Tijuana River National Estuarine Sanctuary and the Tijuana Slough National Wildlife Refuge.

Unfortunately, after years of raw sewage flowing through these environmentally sensitive areas, they are almost beyond saving.

The United States currently provides O&M costs through the State Department budget for the Nogales Treatment Facility, which processes sewage from both the United States and Mexico, to compensate for our Nation's higher treatment standards.

As negotiations continue on further funding for this project, I believe we should certainly consider a similar agreement for the United States portion of O&M cost at the international facility.

In closing, I would respectfully request the subcommittee appropriate the $15.7 million included in the budget for fiscal year 1991 for this project so we may continue to move forward with the formidable task of cleaning up the beaches and estuaries in San Diego.

The Federal Government needs to continue its commitment to ensure the safety of this environmentally sensitive area for generations to come.

Once again, Mr. Chairman, I appreciate your and your staff's time and continued interest in this issue.

[The statement of Congressman Lowery follows:]

Congressman Bill Lowery's

Testimony before

Appropriations Committee
Subcommittee on VA, HUD, and Independent Agencies
Chairman Bob Traxler

May 3, 1990

Mr. Chairman, while the problems of renegade flows of raw sewage from Tijuana, Mexico, have not ceased, I am pleased to say this last year has produced an historic solution to the crisis which has been plaguing the nation for the past 50 years.

During the summer, the State Department, International Boundary and Water Commission, Environmental Protection Agency, Office of Management and Budget and San Diego congressional delegation formed a consensus on a long-term solution. Then in October our countries two Presidents met and backed the proposal; and directed their respective Boundary Commissioners to begin work towards an agreement. Finally, for the first time ever, the President's budget requested funding for this problem. It now appears all roads lead to the construction of an international treatment facility to solve this environmentally devastating problem.

I would be remiss to not recognize and commend this panel's past commitment to this issue and would like to express my personal gratitude. Without your subcommittee's foresight six years ago to commit $32 million for this problem, we certainly would not be this close to a resolution today.

As you are probably aware, the International Boundary and Water Commission has completed negotiations with it's Mexican counterpart and submitted the proposed agreement for the construction of a 25 million-gallon-per-day international treatment facility to the Office of Management and Budget for approval. It is my understanding they are currently working diligently toward a consensus and are on the verge of a resolution. I have spoken with members of the Administration and OMB, who have assured me of their support for this project. However, as you know, several concerns have been raised with respect to the U.S.'s future financial commitment to this project. I would like to take this opportunity to discuss these issues with the subcommittee.

First, on a positive note, disputes over the United States' loan to the Mexican government for their financial portion of the construction of the facility have been resolved and incorporated into the IBWC proposal. Also, concerns with funding for future upgrades to the international facility have been resolved and the funds would be provided by Mexico.

With respect to the United States' continued financial obligation in order to offset the Mexican contribution for operation and maintenance costs, I would like to convey to this panel my support and the need for this funding. It goes without saying the United States' standards for wastewater treatment are higher than Mexico's. Annual contributions from the U.S. will be required in order to offset the additional funding needed for the operation of a facility using higher technology.

It is imperative we provide this higher standard of wastewater treatment not only in order to comply with federal Clean Water Act mandates, but also, to ensure the protection of the two federally protected ecosystems located in the area, the Tijuana River National Estuarine Sanctuary and the Tijuana Slough National Wildlife Refuge. Unfortunately, after years of raw sewage flowing through these environmentally sensitive areas, they are almost beyond saving.

The U.S. currently provides O&M costs through the State Department budget for the Nogales treatment facility, which processes sewage from both the United States and Mexico, to compensate for our nation's higher treatment standards. As negotiations continue on further funding for this project, I believe we should certainly consider a similar agreement for the U.S. portion of O&M cost at the Tijuana facility.

Lastly, I would like to address the concerns raised with respect to the U.S. providing $4 million of the $16 million required to perform modifications to Mexican pipelines which will convey the sewage to the international facility. However, I would like to note the importance of these modifications for ensuring the sewage is properly channeled to the facility and no sewage spillage occurs into the Tijuana River.

In closing, I would respectfully request the subcommittee appropriate the $15.7 million included in the budget for FY '91 for this project so we may continue to move forward with the formidable task of cleaning up the beaches and estuaries in San Diego. The federal government needs to continue its commitment to the ensured safety of this environmentally sensitive area for generations to come.

Once again Mr. Chairman, I appreciate your and your staff's time and continued interest in this issue.

Mr. **Chapman**. Bill, is the delegation from San Diego pretty much in agreement now on the fix?

Mr. **Lowery**. It was slow in coming, but the answer is yes. There was a consensus originally among Senator Wilson, Congressman Parker and myself, later Senator Cranston joined that coalition, Congressman Hunter last summer, and finally Congressman Bates.

So there is absolutely unanimity amongst the House Floor from San Diego and the Senators.

Mr. **Chapman**. Congressman Hunter, please join us.

Mr. **Hunter**. Mr. Chairman, good to see you.

Mr. **Chapman**. One other question, do you have any sense of feel for the numbers in the out-years once the facility is constructed? When you are talking about O&M, what would be the share?

Mr. **Lowery**. About $5 million were the statements that we had.

Mr. **Chapman**. That would be the approximate annual cost for operation?

Mr. **Lowery**. That would be the approximation.

Mr. **Hunter**. And New Mexico's part would be, let me see, I have got 3.25 million at the Almar Plant.

Mr. **Lowery**. It should be less than that. According to the numbers I have——

Mr. **Hunter**. Yes. It would be. I have got $5.4 million or 55 percent for Mexico, and that is the 55 percent. We paid 45 percent, so that would put us right under $5 million.

Mr. **Lowery**. $4.3 million. At Nogales for the international portion, they process both United States sewage as well as Mexican sewage. The international portion is 60 percent U.S. contribution, 40 percent Mexican contribution.

What is envisioned for the plant in San Diego would be a 55-45 split, the total United States portion 4.365 million, the Mexican portion 5.335.

Mr. **Chapman**. Thank you.

Mr. **Hunter**. What we are talking about here, Mr. Chairman, is a situation where Mexico has the right to dump this stuff in the Almar River, and they can justify that under the international laws, and that flows north into the United States and gives us an incredible problem. It goes into our estuaries. It presents a tremendous health hazard, and I think it is reasonable if we are asking them to go with the international plant, making something environmentally sound and upgrade that standard.

It is reasonable for us to pay for some of the cost of the upgrade, because there wouldn't be dollars out of the Mexican Treasury if they did it the way they are legally entitled to do, which is put in Reo Almar, and let it flow north into the United States. And this plan has been put together over a long period of time by a very aggressive IBWC guy, Mr. Ken Odgi, who works with Texas very well, and Mexico and Arizona and California. He is a tough, aggressive guy. He goes for the best deal he can get, and I think it is a reasonable thing.

It is in the same pattern as Bill mentioned, the Nogales Plant, and what it does is protect the estuary that is just north of the border, plus the health of the people that live in the Greater San Diego area. A million people live there. We have had quarantines on that beach that have been devastating to folks.

Mr. **Chapman**. Congressman Hunter, let me formally welcome to you, to the subcommittee today, and our Appropriations Committee colleague, Mr. Lowery, has testified concerning this matter and has submitted a statement for the record.

Any additional comments or statements from you we would welcome at this time.

Mr. **Hunter**. Just that now I think we have the momentum, we have worked on this thing for years, and we have got an agreement put together with Mexico they are ready to move on, and I think we ought to close the deal and go ahead and build it.

We have looked at 100 different alternatives, and this is the only thing that appears to be capable of stopping this raw sewage from coming across the border on a regular basis.

[The statement of Congressman Hunter follows:]

HONORABLE DUNCAN HUNTER
BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON
HUD - INDEPENDENT AGENCIES
MAY 3, 1990

Mr. Chairman, I want to thank you and the members of your subcommittee for inviting me to explain my position on the budget request for the Environmental Protections Agency's project to jointly build, with Mexico, a sewage treatment plant in my district.

The President's request of $15.7 million is the first installment on the actual construction of the treatment plant and pipeline system which will treat renegade flows of sewage from the city of Tijuana, Mexico.

Last October, President Bush and President Salinas formally committed our two countries to the construction of this project. Specifically, that document directed the International Boundary & Water Commission to devise a detailed agreement on the facility. After months of negotiations with Mexico, that document has been finalized and submitted to the Office of Management and Budget.

Mr. Chairman, every party to this agreement is ready to move as soon as the money is appropriated. I believe we have kept the U.S. share of this project within the parameters set by OMB. The IBWC came up with the best possible agreement on Mexico's future financial obligations to this project, considering the budget problems facing our neighbor.

Failure to move on this project, based on concerns that we are paying the lion's share of the costs, is terribly short-sighted. The annual costs alone to remedially remove raw sewage from the Tijuana River area in San Diego will dwarf the current project costs within a few years. To allow this serious health threat to American citizens to continue, now that we have full cooperation and willingness from Mexico, will haunt our budget planners for years to come.

In closing, Mr. Chairman, I want to thank you again for all your support for this project over the years and will appreciate anything you can do to help us finally solve this serious problem.

Mr. **Chapman**. Congressman Green?

Mr. **Green**. I just want to congratulate the two of you on the energy and stick-to-itiveness you have shown. I know it is a difficult problem, and I hope that this does solve it.

Mr. **Lowery**. It should. Its been a long time in coming, but we are close to finding the answer, and we would like to thank this committee for all of your assistance. You have been most helpful in edging the international government along to meet its rightful responsibilities to the United States citizens.

Mr. **Hunter**. The staff over the years, too, has really paid a lot of attention to this problem and really worked it. We appreciate that.

Mr. **Coughlin**. We appreciate, too, the most distinguished members of this body taking their time to come before this subcommittee. It is in the budget.

Mr. **Lowery**. Yes. For the first time ever.

Mr. **Coughlin**. And so you are way ahead of the game.

Mr. **Chapman**. Gentlemen, thank you.

Thursday, May 3, 1990.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESSES

JERRY GREY, AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS, WASHINGTON, DC

NORRIS KRONE, AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS, WASHINGTON, DC

Mr. **Chapman**. American Institute of Aeronautics and Astronautics, Dr. Jerry Grey and Norris Krone. Gentlemen, if you will join us. We welcome you to this committee hearing, and we invite you to proceed.

Any written statement you have, we will certainly put in the record and ask you to proceed.

Dr. **Grey**. I am Jerry Grey. I am the Director of Science and Technology Policy of ALWA. With me is Dr. Norris Krone, who is the Chairman of the Aeronautics Committee of the Institute.

I will testify on the space portion of the program and Dr. Krone on the aeronautics portion of the program.

We do thank you for this opportunity to present our views, and thank you for having our formal statement submitted for the record. I will just summarize briefly in the space area a few of the key points that we feel need to be made.

First, we do feel that the proposed budget of the Administration is properly designed. It meets the diverse needs of a very strong and vital space program. It represents a substantial growth, but we feel that that growth is necessary and warranted in view of the need to maintain United States technological capability in the world today.

I would like to address a few key elements of that budget. One that is all too easy to put off is the new effort in exploration technology. Our technology bank in space has been depleted sadly for many years, and this represents a real opportunity to begin building it backup again. It is all too easy to put this type of thing off to the future, because we don't need it right now, we don't need it next year, but we do need to begin rebuilding that technology base.

It is aimed at a long-term program of space exploration, but we won't see large expenditures on that program for many years, perhaps for a decade, because we do need to build up the technological capability and to do the planning first. And, as a result, the request by the Administration for the small sum in the exploration technology program at this point is well warranted, we believe, even though no decision has been made, nor will be made for years, to actually conduct a space exploration program.

With regard to the space station, Space Station Freedom, I think there are really only two choices we have left to us. One is to eliminate the program altogether, and the other one is to proceed as rapidly as possible and get it done at the minimum cost.

Stretch-outs, cut-backs, delays such as have been happening for the last few years only increase the final cost to the taxpayers. We should get on with it. Especially as we approach now the hardware phase, delays and stretch-outs get more and more costly all the time.

If we are going to do it, let's do it and do it as quickly and effectively as possible.

Another concern is that of the next generation of launchers. The Shuttle will not last for ever, and, again, here we are looking at a long range concept. In the current budget there is a fair amount of money for propulsion system development for an advanced launch system.

Now, we happen to believe that this is something that is falling into the cracks. The Air Force does not have a complete, justifiable need for a new system. NASA does not have a complete, justifiable need for a new system. Our commercial launch industry doesn't have a justifiable need, but put all three of them together, and over the next 10 years there is a justifiable need, one that warrants a substantial government investment in the development, as the Europeans have done so successfully, and perhaps at some point turn it over to private industry to operate that launch system. And we hope you keep that in mind when you look at the budget for the propulsion system development that has been proposed.

In space science, we are experiencing a true renaissance. It is a billion dollar program; it is a good program. It is perhaps the best example of good, long-term planning and level budget.

You know that every year we are going to spend a certain amount of money in space science. We spend that money, we spent it very effectively, and, for example, in the exploration initiative, that may be an option for us to consider in the future, level of effort-type funding at an appropriate level, with annual reviews as required.

The Earth observing system element in the NASA budget is, I think, something that is generally recognized by everyone as an important area. We have just completed a workshop in that subject, a number of congressional staff people attended that. There is still a number of issues involved in just how we do that program, but the need to get started here is urgent, and the new start here is certainly one that I think Congress has supported and will continue to support.

In commercial space activities, here again, I think we need some new innovations to bring private capital into the business. The government spends a lot of money in space. There are industries, companies, that wish to spend money and are sometimes governed by current procurement regulations, many of which are designed to buy nuts and bolts, not high technology programs. An eye towards that the budget and in your future consideration might be of great help.

I would like to close with what I started with, and that is the need for continued development of new technology. It is the seed upon which everything we do rests. If we don't provide enough in the budget for continued research, renaissance and improvement in our technology aimed at space exploration, aimed at new launcher development, aimed at many different areas, we will lose whatever lead we currently have in the world that is currently more and more technology-incentive.

I would like to ask Dr. Krone now to talk about the aeronautics program.

Dr. **Krone**. Well, my remarks on the aeronautic program is the relatively short and possibly not too sweet.

The aeronautics program that NASA has for 1991, we believe is meager relative to the overall importance of aeronautics to the economy of the United States. It simply isn't commensurate with potential gains in performance, as well as efficiency that is possible in the next generation of commercial transport aircraft through the development of technology.

As an example, NASA originally had in their budget a $60 million program for advanced subsonic and safety integration, which involved such things as additional aging aircraft technology efforts, improved damage in failure protection, wind-sheer examination, and then some of the basic aeronautics and materials, structures, activities that are important to increasing the efficiency of the next generation aircraft.

That $60 million a year program is cut back to $25 million and obliterated or levied all together because of budgetary constraints. In the supersonic or advanced civil transport area, NASA is continuing the efforts to solve the problems of the environment, which are basically the ozone and airport noise, as well as supersonic boom activity, but not pursuing aggressively those aeronautics and that regime, those aeronautic areas that can alleviate the constraint that the environment put on the design of new aircraft. In other words, what is really happening is you can design a supersonic aircraft, obviously, but the efficiency is degraded by the environmental issues and must be considered.

On the other hand, the aeronautic technology increases have a tendency to increase the efficiency. So on the one hand you have got these constraints and then you have got a build up of aeronautic technologies and sooner or later there is going to be a balance reached or critical mass reached where the country is going to say, hey, we can build a supersonic transport today, we can start design today that will be economically viable, and with the Mars project, I think that is going to happen in the not too distant future, and the cost will be possibly a Japanese supersonic transport riding on it if we are not too careful.

With the worldwide expected increase in air travel over the next 12 years, the air space balance of trade, $18 billion, the largest of any industry in the country, $130 billion deficit altogether is pretty significant; $111 billion is in back orders of commercial transports at the beginning of 1990, and an expected overall aerospace market between 2000 and 2030, at $1.5 trillion.

I think our ability to compete in that market or to just maintain the shares that we have now is relative to the technology investment that we make today and the $112 million R&D budget, research and technology budget that NASA has in 1991, we don't think is sufficient to do that. We think there should be more put into that budget, and not from an altruistic, ethnic, moral or even religious reasons. We think it should be done because it makes good business sense. That is, I guess, the end of my testimony.

Mr. **Chapman**. Thank you.

Mr. Green?

Mr. **Green**. You know, you are talking about the station, and I think now we have to start thinking, I think not just about the construction costs, but also given the report of the Johnson Space Center about the high level of operational maintenance that we will need, and the report is primarily directed towards the extravehicular activity. It does show very significant ongoing maintenance requirements, which aren't going to come cheap.

I give the highest priority to "Mission to Planet Earth" and I can see some things which ought to be done there above and beyond what the Administration has requested, although the Administration has requested a very ambitious program.

You mentioned the space science and the great observatories program, the advanced loss system. I couldn't agree with you more on the need to be doing more on aeronautics, particularly as the Pentagon may be able to do less over these next years, and up to now the NASA-Pentagon role has been split pretty much with NASA doing the R and the Pentagon doing most of the D. That may have to shift with NASA picking up more of the development stage.

Those are all very ambitious programs, and if you add them up, they amount to a lot of money, not just money, but staff availability as well, and I think NASA is getting a little thin there with some of the retirements they have had.

And then you come to me and say, we got to take on the space exploration initiative, too. And I know $4 million isn't a lot—is a lot to you and me, but not in terms of the NASA budget, but it is a very thin edge of a very wide wedge. And, you know, I just wonder how we do all these things at once, given the constrained budget situation we are facing with personnel limitations at NASA.

Dr. **Grey**. Mr. Green, let me respond to that.

You are right. $4 million in terms of a Federal program of $15 billion is not a lot, nor is the $200 million increase in technology for 1991, relative to the others. And I am not saying that this means we are going to embark on a $500 billion exploration program. It simply means we are some day going to move out into space. It may be later; it may be sooner, depending on the availability of budget.

But before we do anything, we have to do some kind of planning. We have to do some kind of technology, building a technology base for that, and that is not expensive. And this kind of activity we have seen in the past from history has had many, many fall-outs in different directions, not just for human exploration of space, but for many other areas.

Mr. GREEN. But if we do that technology reconnaissance now and then we decide we can't really go ahead with the program because we have got too much else on our agenda. It seems to me we have wasted a lot of money, because 15 years later where we decide now we have gotten over this big lump, technology will have changed.

Dr. GREY. Mr. Green, that is the fundamental point. The point is that we are going to have a continuing investment in this sort of activity over the next two decades. That is a matter of faith to some degree. But we have been doing that and will continue to. At what level, is going to depend on what the resources are. It is easy to say, well, let's not begin it now, let's begin it five years from now or later. Unfortunately, the rest of the world seems to be beginning now.

Mr. GREEN. I would quarrel with that. I would say that it is very clear the Soviet Mars mission has slipped very significantly.

Dr. GREY. I am more concerned about the Europeans and the Japanese because their past history has been that they are beginning to move in those directions.

Mr. GREEN. I think they have very ambitious space programs. I don't see anything remotely approaching the Mars mission at this point.

Dr. GREY. A plan for building facilities on the moon. It is long before they have them, but they are planning. The planning exercise needs to be done. The technology development, again with some degree of faith, that some day we will proceed in this direction, because if we keep putting it off, we will just keep putting it off forever.

And history has shown us that when we enter new areas, ultimately we get returns on them.

Mr. GREEN. You can justify spending for anything on that basis.

Dr. GREY. Yes, you can. To some degree there has to be a sense that this is an important area to move into it. And if you don't believe that it is an important area, I hope there are many of your colleagues that do, because we feel that it is something that needs to be done over a long period of time.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. COUGHLIN. I want to associate myself with his remark on the space exploration issue, but I would like to explore the aeronautics end for a moment, if I might.

Dr. KRONE. Yes, sir.

Mr. COUGHLIN. I hope you are not suggesting that we go back and look at an SST. I thought we put that one to rest.

Mr. KRONE. No, what we are saying is that with the projected increase in air travel expected over long ranges, over the 6,000, 7,000 mile ranges from, for example, the West Coast to the Pacific Basin, the projected increase in that air travel, and I am sure that you have all sat on an airplane for whatever it takes to do that, 10, 12, 13 hours, and longer if you are coming from someplace else in the United States, that the business advantage of doing that, and the numbers of passengers will make it possible in combination with the advantages in technology in the next few years to build an airplane that can fly at some supersonic speeds.

It hasn't been decided as yet exactly what that speed ought to be. Maybe it is 2.5 or 3, some controversy on that. NASA has done some studies. But it is perfectly obvious, perfectly obvious that the combination of the market increase and the ability to do it in an efficient way will—there is a convergence going on right now, technology-wise, as well as in the market sense that it will reach a point where it will be viable to do it, whereas it was not in 1970.

Mr. **Coughlin**. Well, let me tell you, I am not now talking about national aero space plane. I am talking about an SST, and I guess I am delighted that we let the British and the French have the chance to sink their money into Concord and we didn't.

Dr. **Krone**. We made a very wise decision at that point. But I will say that having made a wise decision 20 years ago doesn't mean that that is still the wise decision to make. Things change considerably in time.

For example, you could build a supersonic transport today that would fly twice as far, carry a significant number, maybe 15 more passengers, and be the same thing as a Concord or as the equivalent Boeing supersonic transport was.

I am simply saying that it is going to happen, and that the market projects are such that it is going to be an economically viable thing to do, and if we don't do it, this isn't a cry wolf, but if we don't do it, it is obvious the Japanese and the Europeans will.

Mr. **Coughlin**. Let me turn to one other issue quickly, and that is on the other hand, the tilt rotor technology, which NASA now owns, the XV-15, I think does have enormous potential, commercial potential.

Dr. **Krone**. Absolutely.

Mr. **Coughlin**. And I hope that you are looking at how we develop that, particularly with the military moving out of it.

Dr. **Krone**. In our written testimony, we point out that the tilt rotor is a technology that as a matter of fact has come on for the last 30 years or so. There was one crash in 1956 out near Dallas, Texas, to show you how long it has been since that technology has been under development. I think it is essential, with the literally the hundreds of millions of dollars that have been spent on that configuration, that the services should have at least a limited number to operate at if for no other reason as precursors to a civilian version of it.

Mr. **Coughlin**. Well, it is remarkable technology, not only on the rotor, but the manufacturer, which represents a significant advance, and I hope you will continue to pursue that.

Dr. **Krone**. Yes, sir.

Mr. **Chapman**. Gentlemen, thank you very much for your excellent testimony.

[The statement of Dr. Grey and Dr. Krone follows:]

AIAA
American Institute of Aeronautics and Astronautics

Statement
# of the
American Institute of Aeronautics and Astronautics

on the
Fiscal Year 1991
National Aeronautics and Space Administration
Budget Request

United States House of Representatives
Appropriations Committee
Subcommittee on VA, HUD-Independent Agencies
by

Jerry Grey, PhD
Norris Krone, PhD

The American Institute of Aeronautics and Astronautics

May 3, 1990

Statement Before
The
United States House of Representatives
Appropriations Committee
Subcommittee on VA, HUD-Independent Agencies
by
The American Institute of Aeronautics and Astronautics

The American Institute of Aeronautics and Astronautics (AIAA) thanks you for the opportunity to present our views on the FY91 NASA budget proposal. We believe the administration's proposed budget is superbly designed to meet the diverse needs of a vital and exciting U.S. civil aeronautics and space program, and we urge you to support it as strongly as possible.

The AIAA is a nonprofit professional society dedicated to advancing the art, science, and technology of aeronautics and astronautics and to promoting the professionalism of those engaged in these pursuits. Our membership of over 44,000 professionals is drawn from all levels of American industry, academia, private research organizations, and government as well as from similar sources abroad.

Space

The AIAA has always emphasized that a well-balanced and vigorous civil space program is key to advancing U.S. science and technology and to improving our economic competitiveness. Investments in civil space help maintain our economic, political, and scientific leadership in the modern world. Maintaining pre-eminence is doubly important today, in view of the changes now taking place in the world. Glasnost and the political changes it has wrought make the U.S. civil space program even more important as a key ingredient in foreign policy. Moreover, the rapid growth in space capabilities overseas means that if the U.S. does not make the commitment needed for world leadership, others will.

Nevertheless, we recognize that pressures to reduce the deficit encourage Congress to compromise the pursuit of a vigorous civil space program and therefore trade away long-term paybacks in return for illusory short-term gains. In considering such compromises, we urge, as in past years, that you be guided by three basic principles:

- The space technology base is the foundation on which all future space activities and capabilities depend. Support for that base must not be allowed to decay, even though much of its payoff will come in the future.

- Completion of current programs, both in science and infrastructure development, should take precedence over the introduction of new programs. Once approved and initiated, programs should be completed on schedule. Program delays and stretchouts always increase costs, reduce system capability, and debilitate human motivation.

- Cutbacks in advanced research, technology, and development spending must be avoided if they will result in substantially higher development or operations costs later. While lower front-end costs may seem attractive in an austere budget environment, planning objectives must focus on minimizing overall life-cycle costs.

Our comments on several specific elements of the Administration's FY 1991 NASA budget proposal are as follows:

Space Exploration Initiative. The Space Exploration Initiative is an essential step in expanding human presence in the Universe, bringing humanity the cornucopia of benefits that have, historically, always accrued from the opening of new frontiers.

It is difficult to justify programs like the SEI in strict cost-accounting terms. We cannot possibly predict the benefits that may accrue from any specific program of exploration and discovery, but history tells us that whenever a new frontier has been opened to mankind by the process of exploration the benefits have been profound -- sociologically, scientifically, economically, and politically. The SEI responds to mankind's basic need to explore, gives us the experience needed to learn how to travel and work in this new realm, stimulates the scientific and engineering curiosity of a generation of students, and opens new opportunities for peaceful international cooperation.

Space Station Freedom. The Space Station Freedom is transitioning to its hardware phase, and must be supported at the proposed level to preclude further loss of capability, growth in life-cycle cost, and international friction. Freedom will serve as a testing ground for the development of technologies for human exploration and provide invaluable data on the long-term effects of low gravity on humans. Because it is an unprecedented international effort, Space Station Freedom will do more than demonstrate the peaceful uses of space; it will provide a foundation for undertaking future international elements of the SEI. Freedom will also help restore U.S. leadership in space, provide a source of national pride, inspire our youth, and strengthen our international alliances.

Space Shuttle. Demands on the Space Shuttle will exceed its capacity in the late 1990s, particularly in view of the finite probability of losing one or more Orbiters during that time. Support for replacement Orbiters and both enhancements and backups for the Shuttle are needed.

Next-Generation Launch Needs. Maximum attention should be given to next-generation launch needs. Aggregating the military, civil, and commercial payload market justifies a major government investment in developing an Advanced Launch System (ALS, a lower-cost, reliable, robust family of vehicles to meet those needs), and propulsion-system development is the first step in that process. The AIAA applauds the appearance in NASA's FY91 budget proposal of a strong ALS propulsion research and development effort, but urges a long-term *national* commitment to the integration of that propulsion work into development of the ALS vehicle family. We use the term "national" because the revised launch requirements of the Department of Defense may not support the high ALS development cost, but the *aggregated* requirements of both the DoD *and* NASA, with the SEI in mind, would certainly justify that cost. Indeed, with substantial federal R&D support of an ALS vehicle family (perhaps renamed "America's Launch System"), our nascent commercial launch industry, by building and marketing the launch services of such a vehicle family after it has been developed by the government, would find itself able to compete for next-generation large payloads against the European-government-supported Ariane 5 and perhaps even Soviet launchers.

Interim needs for heavy-lift capability might be met by Shuttle-C. Besides its projected use to support Space Station deployment and the early phases of the Space Exploration Initiative, Shuttle-C could also serve as a flight-test vehicle for both the ASRM and the LRB, and particularly for the new low-cost reliable engine now being developed for multiple use in potential ALS core and booster configurations.

It is also necessary to look beyond the Shuttle and even ALS technologies toward future cost-effective, reliable space transportation systems. Hence the AIAA applauds the strong budgetary support proposed by the administration for the joint NASA/DoD hypersonic National Aerospace Plane.

Space Science Program. The proposed space science program is superbly balanced and should be supported strongly. The AIAA endorses a long-term program of space science missions of the type proposed by the National Academy of Sciences' Space Studies Board and adopted by NASA's Office of Space Science and Applications. Such long-term programs cannot be carried out effectively, however, when their budgets are subject to annual change. Multiyear commitments for space science programs are needed to provide the fiscal stability commensurate with projects measured in decades rather than years. We therefore urge you to consider multi-year budgetary commitments for the Space Studies Board's excellent program.

Commercial Space Development. The proposed commercial space development program, which includes funding to fly experiments in both suborbital and Shuttle-borne orbital facilities until Freedom or other dedicated platforms become available, is an excellent step forward. The AIAA supports NASA's creation and support of Centers for the Commercial Development of Space (CCDSs) to conduct research aimed at the identification of potential commercial projects. We expect these consortia of government, universities, and industry to prove themselves as one of the better mechanisms for encouraging investment of private capital in commercial space development, but they should not detract from the important Space System Development Agreement (SSDA) program, which has already proved so helpful in capital formation for such organizations as GEOSTAR and SPACEHAB.

Space technology. Space technology is the foundation on which all our space programs rest. The Civil Space Technology Initiative (CSTI) and the Exploration Technology (formerly Pathfinder) programs cannot be trimmed without prejudicing virtually all our future goals and increasing long-term life-cycle costs. They represent NASA's effort to replenish the technology "bank" we have been depleting for the past two decades. There is no hope for pursuing major space exploration goals without firm, consistent commitments to these technology efforts. We deplore the cuts made in the past two years' Exploration Technology Program budgets, and urge you to support both CSTI and Exploration Technology this year, along with other cutting-edge technology advancements such as those needed for ALS, for Freedom's laboratory facilities, and for materials processing.

Earth Observing System. The first step in Mission to Planet Earth, the Earth Observing System, is a long-awaited new start. It is too important to the nation's future to curtail.

Future Technical Manpower. If these aggressive long-term space programs are to be carried out professionally and effectively, a new generation of skilled, dedicated scientists and engineers must be developed. It is not too soon to begin that process; other nations are far in the lead here. The U.S. is threatened with becoming technologically illiterate in an increasingly technology-dependent world. Programs like NASA's Designated Space Grant Colleges/Consortia and the federal Head Start Program will help to ensure that our nation's most vital resource, trained and motivated human capital, is not eroded.

Aeronautics

For several years the National Aeronautics and Space Administration (NASA) has struggled with the problem of stretching very limited research and tech nology funding across a large number of aeronautical technology disciplines –all of which have large potential payoffs. Compounding the problem is the need to refurbish, modernize, and maintain the valuable wind tunnel, simulation, computer and flight test facilities operated by NASA.

The total NASA aeronautics budget of $935 million for FY'91 is approximately 1.5% of United States aircraft sales booked in 1988 and not commensurate with the potential aircraft sales projected for the aircraft industry in the future. The 1988 aerospace exports were $26.9 billion of which $20.3 billion were in the civil market –this represented 8.7% of the total dollar value of all United States exports. The industry recorded a record trade surplus of $18 billion.

The $512 million research and technology funding is less than 3.5% of the total NASA budget. Although there is a modest increase over last year, the need has clearly increased significantly. At the same time, we find greatly increased emphasis from the Europeans and the Japanese in all flight regimes that were highlighted in the Office of Science and Technology Policy *Aeronautical Research and Development Goals* report of 1987.

The American Institute of Aeronautics and Astronautics (AIAA) Aeronautical Advisory committee reviewed the NASA aeronautics budget over a two day period in February 1990. The committee selected each of the areas discussed below for specific mention:

Flight Research. Flight systems Research and Technology (R&T) funding of $40.0 million is low when one considers the potential beneficial results of testing the X-29, F-18, F-15, F-16XL, and now the SR-71 aircraft. Experimental aircraft and test vehicles frequently serve to bring together evolving technology for the purpose of demonstrating their viability in the environment in which they will be utilized. A vigorous flight research and technology program is essential to maintaining a strong national defense, as well as providing a favorable effect on the balance of payments because it enables technologies to be brought to a more mature level of readiness and enables technological risk to be identified and closed early. Analysis and simulation methods are very useful in the development of new manned and unmanned aircraft; however they are highly inadequate for the full design and development task, especially when use of advanced technology results in large uncertainties.

Advanced Subsonic Technology and Safety Integration. Subsonic aircraft dominate the world aerospace market, exceeding $35 billion total annual sales by US manufacturers alone, and are expected to remain the largest aerospace market well into the next century. In FY'91

NASA had planned a major thrust, originally at the $60 million level, to design and enhance our subsonic technology capabilities. It was to be a multi-year effort characterized to assure continued leadership in future civil aviation markets. This project was targeted at the enormous near-future transport market and consisted of subsonic aircraft similar to those now in production and constantly being improved. Because of budgetary pressures, the program was zeroed out by the Office of Management and Budget. The AIAA recommends the restoration of the $60 million funding for FY91 and the necessary funding required to complete the program. As our civil aircraft fleet continues to age. research is needed to define new methods of non-destructive examination and to determine the environmental effects on metallic and non-metallic structures.

Manufacturing Technology. Substantial investment in manufacturing technology is needed. There is a significant potential for reducing the system development cycle time, improving overall efficiency of production with increased quality, reduction of system costs, and major improvements in system, safety.

High Speed Civil Transport Technology. Worldwide pressure for the development of an economically-viable advanced High Speed Civil Transport (HSCT) over the next few years has grown significantly in 1989. Results of system studies performed under counteract for NASA indicate that a 1000 unit HSCT production program would add $400 to $600 billion dollars to the United States GNP over the life of the program, thus improving the balance of trade between 60 and 175 billion dollars and create between 300,000 and 500,000 jobs, depending on the US production percent.

An HSCT is a logical product of technological advancement in aeronautical and system related sciences. The decision to initiate the detailed design and construction of a prototype HSCT will be based on consideration of the total cost –development, acquisition, and operation of the fleet– as well as of the passenger market and ticket costs. Environmental considerations are a key factor in the overall design requirements of the aircraft. They will have a large influence on the total program cost and, therefore, on the final decision to proceed with HSCT development. Advancing the technology base will lower the cost of the fleet, and it is a matter of time before those costs and the economics of the market reach a "critical mass" and prompt a decision to initiate a prototype design. The AIAA supports the HSCT program and urges its continued funding by the Congress.

Rotorcraft Systems Research and Technology. Rotorcraft offer high promise as a congestion reliever. They don't require the long runways of airports so they actually unload the runways of short haul traffic and consequently allow an existing airport to increase its capacity without costly upgrades and repairs. NASA needs to strengthen programs in the technical areas of handling qualities (taking advantage of new digital avionics), economical deicing of rotors (for all-weather operations), low air speed systems, improved cockpits to reduce pilot workload, and efforts to predict rotor aerodynamics. The use of composites in rotorcraft dynamic system components (blades, hubs, control and drive shafts) for improvement of damage tolerance and durability should be evaluated. Also, we believe NASA should play a significant role in improving the performance of the tilt-rotor concept. We need to continue the research and development effort currently underway in the V-22 program and augment that with NASA research to fully realize rotorcraft potential. This potential is being recognized in Europe and Japan. Wouldn't it be ironic if the United States, who invented and demonstrated the technology, had to buy its rotorcraft from Europe or Japan? We feel the $5.1 million in the NASA budget is extremely low for this important area of research and technology.

Materials and Structures. The FY'91 program funding of $41.4 million for Materials and Structures R&T is low when the potential benefits are considered. There is an immense potential for vehicle performance gains through the use of advanced materials in primary structures and in engine hot sections. In addition, there is a need for proper fracture and mechanics tests for validation and qualification of composites. "Damage" needs to be defined and the mechanism of damage formation and accumulation identified. Clearly, the potential benefit dictates the advisability of additional funding of this program area.

Concept and Systems Studies. The identification and assessment of long-term technology requirements can only be accomplished successfully by analytical investigations that explore alternate concepts and define overall sensitivities. A substantial budget increase is recommended for the systems analysis in the research and technology base budget. This program supports conceptual design studies of a broad range of aerospace vehicles, types and performance to determine technology deficiencies and the sensitivity of vehicle performance to emerging technologies. This information is used in developing research program plans, priorities, and resource investment.

National Aerospace Plane (NASP). The NASP offers to bring a number of critical technologies to a maturity that will permit the design and development of a technology demonstrator. The national capabilities being developed to support NASP and the technology being developed will insure that the United States retains global preeminence in hypersonics. We applaud the restructuring of the NASP program to align the schedule with a more realistic technology development. Also, the establishment of a multi-contractor focussed national team should help in meeting future competition from nations that have heavy government support.

Conclusion. There is a lag in the time required to develop superior products and attain payoffs from those products. A major thrust today may not yield significant dividends until the next century. The transport market aircraft market projected between 2000 and 2030 is $1.5 trillion in constant 1988 dollars. If our share of that market is reduced by 2% due to our underfunding of our technology efforts today, a billion dollar annual loss could realistically result. The recognition of a significant increase in foreign competition over the last five years should be a warning to us of a potential economic disaster. Aggressive past investments in technology programs have led to superior aircraft systems that are the source of our current position of leadership, and clearly they can pay even greater dividends in the future. We therefore strongly urge an increase in the FY'91 funding level for NASA aeronautics as a matter of economic necessity.

We thank you for this opportunity to present our views on the FY91 NASA budget proposal, and will be pleased to answer any questions you may have.

THURSDAY, MAY 3, 1990.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESS

ANDREW NAGY, SPACE SCIENCE WORKING GROUP, UNIVERSITY OF MICHIGAN, ANN ARBOR, MI

Mr. CHAPMAN. Dr. Andrew Nagy. Dr. Nagy, representing the Space Science Working Group, we welcome you before the subcommittee today and we will make your full testimony a part of the record of this hearing and invite you to proceed.

Dr. NAGY. Mr. Chairman, members of the subcommittee, thank you for this opportunity to testify on the space science and applications component of the fiscal year 1991 NASA budget appropriation.

My name is Andrew F. Nagy, and I am a Professor of Atmospheric, Oceanic and Space Sciences at the University of Michigan. I am speaking here today as a member of the steering committee of the Space Science Working Group [SSWG) of the Association of American Universities.

The successful launches of the Magellan mission to Venus, the Cosmic Background Explorer, the Gallileo mission to Jupiter and just last week the launch and deployment of the Hubble Space Telescope were the main highlights of an exciting year in space sciences, which followed a prolonged hiatus in the United States program. We need to remember that these programs took many years to bring to fruition and to fully exploit them and maintain a viable and vigorous future program. We need to plan ahead.

I believe that we can all agree that a strong, active and visible space program provides an excellent demonstration of this Nation's scientific and engineering strength.

At an intellectual level, space science challenges our inquisitiveness about our own environment and our place in the universe. At a technological or engineering level, the space program presents major challenges that drive creativity. At an emotional level, space offers us a unique opportunity to experience the thrill of exploration of an expanding frontier.

The United States space program has in the past and must in the future achieve a balance between science and application, between manned and unmanned exploration, between NASA center and university based activities and between continuing and new initiatives.

The growing public concern over the fate of our own planet underscores the importance of space sciences for an understanding of the workings of Earth. The increasing worldwide attention to issues such as the greenhouse effect and ozone decay means that the space science community will play an increasing role in the technical discussions which are necessary to make political decisions on the national and international level. Our space science program is and must continue to make the needed measurements to provide the necessary data base to enable such decision to be based on solid scientific grounds.

A robust and visible space program can also help in addressing another major national priority: the need to reverse the declining interest and skill in science and mathematics among our younger population (from elementary schools to universities), in order to assure a prosperous future for our Nation in the next century.

Almost daily we hear about a new study showing how the math-science abilities of our young students are declining in an absolute way as well as in comparison with other industrialized nations.

It is essential to turn these trends around, and to do that we need to capture the scientific and technical imagination of our population. Our space program has and can continue to serve as a catalyst in these activities. One only needs to look at the large crowds down the mall at the National Air and Space Museum or at the public fascination with discoveries of a new supernova, rings of Uranus or last weeks launch of the Hubble Space Telescope.

It is within the context of the need to maintain a vigorous, diverse and visible space science program that is consistent with our national needs that I prepared my comments on the fiscal year 1991 NASA budget. My written testimony addresses the main issues as seen by us, the university community.

In my presentation here today, I will not repeat much of the details of my written testimony but will try to summarize the main points.

We greatly appreciate the steps towards the restoration of a healthy and balanced space science and application program that are part of the fiscal year 1991 budget submission.

We urge the implementation of the OSSA budget at the requested level, because any reduction would continue the further erosion from what we are all aiming for, namely, United States leadership in space science and exploration.

I am sure you have heard time after time from witnesses' statements concerning the need of their constituency, emphasizing the importance of their field and asking for increased budget allocation.

Well, to some degree I am not that much different, although I am not asking for any meaningful increases and can reemphasize to you that we have worked hard and long setting priorities. The OSSA Strategic Plan, developed under the very capable leadership of Dr. Len Fisk, is the result of this activity.

The requested budget for OSSA allows the continuation of the major programs already underway, providing for a balanced program for space sciences and enables a new start for the Earth Observing System (EOS). The latter is both the next step in the long range OSSA strategic plan and a cornerstone of the national Global Change Program. The proposed budget also allows for a beginning of the Space Exploration Initiative (SEI), announced by the President and of particular interest to both the Life Sciences and Planetary Sciences Programs.

One issue, which has and continues to be of great concern to us is the R&A line in the various OSSA divisions. This line provides one of the major lifelines of support to university researchers and their students. In overall dollar value it is a rather small one as far as the total NASA budget is concerned but it is of vital importance to us. We would like to see it protected from the requirements of unexpected contingencies and cutbacks.

Finally, I want to mention to you a general concern that has emerged in the discussions of the SSWG. We feel that the long overdue support for the Life Sciences Program as well as some components of the Planetary Sciences Program are unnecessarily and dangerously tied to the Space Exploration Initiative.

In other words, we strongly believe that a core space science and application program needs to be preserved. For example such core program should continue to be funded at approximately 20 percent of the NASA budget, as has been the accepted guideline in the last couple of years.

Major new initiatives such as the Global Change Program or SEI should not displace or come at the expense of a carefully planned and balanced space science and application program.

Thank you again for the opportunity to present this testimony. I would be pleased to answer any questions.

Mr. CHAPMAN. Dr. Nagy, we appreciate your testimony very much.

Mr. Green?

Mr. GREEN. I have no questions. Mr. Chairman.

Mr. CHAPMAN. We appreciate your presence here today and your excellent testimony before the subcommittee, and we thank you.

[The statement of Dr. Nagy follows:]

NASA SPACE SCIENCES AND APPLICATIONS PROGRAM

by
ANDREW F. NAGY
Associate Vice President For Research
Director, Space Physics Research Laboratory
UNIVERSITY OF MICHIGAN

on behalf of the
SPACE SCIENCE WORKING GROUP
of the
Association of American Universities
and the
National Association of State Universities and Land-Grant Colleges

before the
U.S. House of Representatives
Committee on Appropriations
Subcommittee on
VA-HUD-Independent Agencies

May 3, 1990

Opening Remarks

Mr. Chairman, Members of the Subcommittee, thank you for this opportunity to testify on the subject of NASA's Space Sciences and Applications program. My name is Andrew Nagy, and I am a Professor of Atmospheric, Oceanic and Space Sciences at the University of Michigan. I am speaking here today as a member of the Steering Committee of the Space Science Working Group (SSWG), the primary university-based research group concerned with NASA, under the auspices of the Association of American Universities. I am testifying on behalf of the Association of American Universities and the National Association of State Universities and Land-Grant Colleges, whose members represent most of the major research universities in the United States.

The successful launches of the Magellan Mission to Venus, the Cosmic Background Explorer, the Galileo mission to Jupiter and its satellites, and, just last week, the Hubble Space Telescope, were the main highlights of an exciting year in the space sciences. All of this followed the prolonged hiatus in the U.S. Space Program. We need to remember, however, that these programs took many years to bring to fruition. To fully exploit them and maintain a viable and vigorous future program, we need to plan ahead.

Overall Recommendations

The proposed FY'91 budget will allow continued implementation of a long-term plan that will return this nation's program in space science to one of vision and vitality. The plan remains responsive to the recommendations of NASA and National Academy of Sciences (NAS) scientific advisory committees. Therefore, the SSWG urges that the FY 1991 budget for OSSA be adopted at the requested level.

We also ask that the Research and Analysis (R&A) lines be protected from unexpected contingencies because previous cutbacks have seriously affected the infrastructure of space science at the nation's universities where not only the future generation of space scientists, but scientists and engineers generally, are educated and trained.

We feel that support for the Life Sciences is overdue, and we request that both the Life Science and Planetary Science programs be considered important, independent of SEI. The addition of new initiatives such as the Global Change Research Program and SEI should not be made at the expense of a balanced core program; the core program must be retained at least at the historical levels of support within NASA

The Importance of a Vigorous Space Program

As an element of national policy, a strong and active space program provides a highly visible demonstration of this nation's scientific and technological prowess. At an intellectual level, space science epitomizes our innate inquisitiveness about our environment and our place in the cosmos. At a technological or engineering level, space presents profound challenges that drive industrial creativity. At an emotional level, space offers the unique opportunity for all of us to experience the thrill of exploration of an expanding frontier. The U.S. space program must achieve a balance among these perspectives, which calls, in turn, for a balance between science and applications, between manned and unmanned activities in space, and between infrastructure and new initiatives.

The growing public concern over the fate of our own planet underscores the crucial role of space science for understanding our world. With issues such as the deterioration of the ozone layer and secular global warming drawing accelerated worldwide attention, the space science community will bear an increasing responsibility to provide the technical context for political decisions at national and international levels. Our national space program must continue to seek the new data necessary to provide this context.

A robust space science program also can help address another pressing national priority -- the need to reverse the declining interest and skill in science and mathematics in the upcoming generation. Almost daily we read of a new study showing that the math and science skills of our young students lag far behind those of other countries. It is essential to strengthen those national programs that capture the scientific and technical imagination of our population. Our space program has been and can continue to serve as a catalyst in this area. One need look only at the continued large crowds at the National Air and Space Museum, public fascination with discoveries of a new supernova, the rings of Uranus, or activities such as the launch of the Hubble Space Telescope to recognize the power of space science to drive the curiosity of child and adult alike.

It is within this context that I, on behalf of the SSWG, would like to offer the following comments on the FY'91 NASA budget before you.

Reflections upon the Actual FY'90 Budget

Mr. Chairman, before addressing the FY'91 budget, I think it is important to reflect upon the FY'90 NASA Budget and the impact unanticipated events has had upon it. The Space Science Working Group recognizes the strong support for space science in the FY'90 budget implemented by the Office of Space Science and Applications (OSSA) within NASA. We particularly applaud the new start for the CRAF/Cassini missions, the diversification of the launch vehicle fleet, the movement of science onto ELVs, the provisions for small missions in space physics and astrophysics with the enhanced explorer program, the restoration of Gravity Probe B, support for the Total Ozone Mapping Spectrometer (TOMS) and enhancements of the science research infrastructure.

Despite these positive steps, however, mission launch delays, GRH sequestration and the "drug tax" have resulted in fiscal strains within OSSA. In coping with these pressures, disproportionate cuts were made in the budgets of university researchers, especially those from the planetary science and space physics communities. This was a painful blow to the individual investigators and their students, one we would like to prevent from happening again.

Strengths of the Proposed FY'91 NASA Budget

I would now like to focus on the proposed FY'91 NASA budget in the context of how responsive it is to the various objectives of the space program. The SSWG commends NASA and President Bush for submitting a FY'91 budget which allows for continuation of programs already underway, provides for a balanced program across the disciplines of space sciences and applications, and allows a new start for the Earth Observing System (EOS). This new start represents both the next step in the long-range OSSA strategic plan and the cornerstone for the Global Change Research Program. The budget also provides a new beginning for the Space Exploration Initiative (SEI), announced by the president and of particular interest to the Life Science and Planetary Science programs.

I will briefly summarize how the budget, in conjunction with the strategic plan, benefits the various Space Science and Applications disciplines:

In *Physics and Astronomy,* the budget request supports the enhanced Mission Operations and Data Analysis (MO&DA) needs of the Hubble Space Telescope (HST), the German/US x-ray telescope ROSAT, scheduled to be launched this month, and the launch of the second of the Great Observatories, the Gamma Ray Observatory (GRO), in November. It allows for the planned enhancement of the Explorer program, including the newly constituted Small Explorer program (SMEX). The SMEX program is of particular importance to university-based science and engineering groups: it is also an excellent vehicle for the training of future scientists because it provides moderate missions that are scientifically focused and involves time scales commensurate with graduate student participation. The budget allows for the continued development of the previous new starts for the Global Geoscience (GGS) mission in space physics and AXAF, the third of the Great Observatories.

In *Planetary Science,* the budget provides for the MO&DA support for the recently launched Magellan and Galileo missions to Venus and Jupiter. It provides necessary funds for the long-delayed launch of the Ulysses mission and the continuation of last year's new start for the CRAF/Cassini mission. Within the framework of SEI, funds are requested to begin development of the Lunar Observer as well as to enhance the Mars Observer science payload and ground system.

In *Life Science,* the budget request provides a significant increase, partly to make up for funds not granted in FY'90 and partly to allow the two imminent life science missions on Spacelab (SLS-1 and IML-1) to be conducted. A modest start of a dedicated and reusable satellite experiment, Lifesat, is also included. SEI will support Extended Duration Studies and Centrifuge Development on the Space Station as well as a Biomedical Monitoring and Countermeasures (BMAC) program.

In *Earth Science,* the budget provides for the new start for the major EOS program, which will eventually double the number of university researchers using space techniques in the earth sciences. The budget provides for continued support for the TOPEX and UARS missions. In addition, a new small satellite program, Earth Probes, is to begin. This program is as ideal for university participation and the training of future scientists as the Explorer program is for Physics and Astronomy.

Concerns for the FY'91 Budget

Mr, Chairman, as I have said, we believe that the proposed FY'91 budget does provide for the continued implementation of the OSSA Strategic Plan,. and we are excited about the new Presidential Initiatives. However, there are additional concerns, not addressed by the budget request, which are of great importance to the university space science community. The SSWG urges that these be considered.

Foremost is the highly constrained R&A grants program. The clearest example of this problem is in Planetary Science, which would sustain a real decrease for the second year in a row. This situation will be aggravated by the fact that several important programs are not in the budget as submitted, including the Magellan extended mission and the placement of U.S. instruments on the Intercosmos- Mars '94 Mission. The lack of an "International Missions Line," supported by the SSWG last year, means that support for a number of on-going modest experiments on foreign missions must come from already overly strained R&A budgets; as a result important university grants programs suffer.

In addition, the budget request for the development of future components of the Strategic Plan appears to be low. Enhanced Advanced Technology Development (ATD) funds necessary to prepare technologies for the fourth Great Observatory, SIRTF, were not included, nor was the proposed SOFIA mission. SOFIA is ideal for hands-on training of future generations of space scientists, and a significant portion of its total development cost would be borne by the Federal Republic of Germany. Expanded opportunities for developing new technologies and training of experimenters (e.g. in the sub-orbital program) are not adequate to meet future needs.

Two areas of general concern have emerged in discussions of the SSWG. First, the long-overdue support for the Life Science program, as well as some components of the Planetary program, are perhaps tied dangerously to the SEI start. Second, we feel that a balanced core program for space science and applications be preserved (e.g. with the OSSA budget for the core program continuing at approximately 20% of the NASA total) and that the major initiatives of the Global Change Program and SEI not displace this.

Vulnerabilities of University-Based Space Science

Despite the resurgence of the space program, the health of space science remains fragile at the nation's universities. In the past years, the nation's struggle to recover from the Challenger disaster, flight program delays or cancellations, and shuttle manifest changes have lead to stretchouts of major programs, to the disintegration of university groups, the release of key technical personnel, and to the "moth-balling" of state-of-the-art instrumentation originally developed for the Shuttle program.

A current, and unfortunate, example of the above is the cancellation of the ASTRO-2 mission in the FY 1991 budget to accomplish a $10 M savings; it is hoped that this PI-class 2 mission with broad university involvement and support could be reflown in FY 1992 or 1993 and the investment in the hardware and science fully realized.

Mr. Chairman, for over a decade universities have witnessed a steady decline in the number of U.S. graduate students entering such basic science and engineering fields. Long delays and sudden cancellations make it more difficult to attract the additional young researchers needed in space science (and in the sciences generally), further exacerbating the nation's shortage of scientists. A vigorous national space program can help reverse these downward trends by igniting the curiosity that will attract many students. Some of these graduates will continue their careers in space science research, and will provide the backbone of the space program in the next century.

Mr. Chairman, as we perceive it, a large contributor to the problem appears to be that major NASA missions are being conducted without the provision of adequate program contingencies. As a result, any perturbations (such as launch delays) require funding "raids" within OSSA, the consequences of which are often disastrous for on-going research. For example, delays in the launch of COBE, HST and GRO have led to funding readjustments to the detriment of R&A, sub-orbital and MO&DA programs, all of which have particularly strong university--and thus student--involvement. I mentioned earlier that as a consequence of "raids" during FY 1990, programs had to be cut. Two such programs are the Global Heliosphere and most of the Max '91 (for the current solar maximum study).

The SSWG urges NASA to consider fully the impact of such actions and to plan for contingencies. Also, I recommend that the science community be actively involved in making the necessary compromises.

Thank you again for the opportunity to present this testimony. I would be pleased to answer any questions.

BIOGRAPHICAL SKETCH:

ANDREW F. NAGY

Andrew F. Nagy is a Professor of Atmospheric, Oceanic and Space Sciences and Professor of Electrical Engineering at the University of Michigan. At the moment he is also Associate Vice President for Research and Director of the Space Physics Research Laboratory. He has been active in space research for over thirty years, carrying out a wide range of experimental and theoretical studies of the Earth and Planets. He has been a member of various NASA, NSF, and NAS/NRC advisory committees and boards. He is the President-elect of the Solar Planetary Section of the American Geophysical Union, and he is a member of the Steering Committee of the Space Science Working Group of the Association of American Universities.

THURSDAY, MAY 3, 1990.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION; NATIONAL SCIENCE FOUNDATION

WITNESS

GEORGE C. SPONSLER III, INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS-UNITED STATES ACTIVITIES

Mr. CHAPMAN. Dr. Sponsler, we are glad to have you with us today. We invite you to join us and we will make your entire statement a part of the record of this hearing, and invite you to proceed in your own fashion and summarize your remarks.

Dr. SPONSLER. Thank you, Mr. Chairman.

As you know, I represent the IEEE–USA.

The Aerospace R&D policy committee of the IEEE–USA has reviewed the Administration's civil aerospace policy and proposed 1991 NASA budget. We welcome the President's strong support of the United States civil space program and especially his emphasis on advanced technology, but with one exception: What we believe to be NASA's overemphasis of manned missions in general and the space station in particular. We believe the overall NASA program needs a better balance between automated spacecraft and probes, and manned aerospace transport.

In the Administration's budget document, Space Station Freedom is described as "the world's first permanently-manned microgravity and life sciences laboratory, 'way station' to the moon and Mars." It will eventually have the capability to service satellites in orbit and to serve as a way station on the journey to the moon and Mars.

NASA has proposed that "fiscal year 1991 will be the year that Space Station Freedom makes the critical transition from design to actual fabrication of major long-lead-time hardware."

Yet justifications for the project remain to a certain extent contradictory, intertwined with the need for international leadership and technological prestige. NASA's overall priorities are not well determined, and do not convey commitment to a balanced space program, such as we support, or to advancing United States competitiveness.

Agreement is lacking in both the technical and political communities as to the particular applications which the space station could best serve, especially in light of overall budgetary restrictions. The issue raised is one of cost/benefit: Do the projected uses of the space station justify commitment at this time to construction of the presently proposed design, especially in light of its probable total cost of some $30 billion?

It is unwise to embark on a major program merely because it is technically feasible, or because it makes use of resources which happen to be available and which may serve vested interests. To avoid such criticism of Space Station Freedom and of manned space flight, it is essential that their respective missions be carefully defined and generally accepted as nationally important and economical.

We do not recommend reduction of the planned total NASA budget but rather reprogramming to support other applied research and exploratory development needed to define and to develop an integrated space program that advances United States industrial competitiveness.

We suggest that as part of its review, NASA should consider reorientating its R&D into two balanced and complementary programs: Automated Satellites and Probes (ASAP) and Manned Aerospace Transport (MAST). ASAP would include all Earth orbit applications satellites, including ACTS, EOS, Mission to Planet Earth, et cetera, and all the scientific space probes like Magellan and Cassini.

MAST would combine all NASA work on man in both atmosphere and space, including the space station, the shuttles aviation R&D, and the National Aerospace Plane. High priority would be given to reducing the cost of manned space flight.

ASAP encompasses unmanned activities, including all Earth applications satellites, including communications, navigation, weather, Landsat and other Earth observation satellites for environmental, national resources, and land-use applications, as well as platforms for solar power and other purposes in addition to the automated space probes of which NASA and the Nation are so justly proud. The space probes would precede and facilitate manned exploration of space; and NASA's automation and robotics R&D would bridge both programs.

For example, through such programs as EOS and Mission to Planet Earth, NASA could help solve, or at least provide promising approaches to address environmental problems such as global warming, better management of the biomass for atmospheric purity and ozone depletion.

Congressman George E. Brown, Jr., has proposed that the United States space program concentrate upon development of what he calls "Greater Earth." We support his proposal and its important implications for Earth observation, space transportation and satellite programs.

Over the years NASA has orbited a number of satellites carrying important remote sensing instrumentation to help us understand our planet and its unique ecological systems. As we move forward with the Earth Observing System (EOS), NASA is moving towards what may be the most important measurements of Earth ever made, given our struggle to keep our environment suitable for human life.

As EOS moves forward in design and implementation, it is imperative that we avoid repeating the mistakes of past United States Earth observation satellite projects. These mistakes have included vastly underfunded data analysis and interpretation programs, lack of funding and scheduled time for proper instrument characterization before launch, and data archival techniques that have led to the uselessness of substantial quantities of past observation data. Essential funding for the ground segment of EOS should be provided early in that program if NASA is not to repeat similar mistakes it has experienced with earlier Earth observation programs.

NASA's prior emphasis, during the Reagan Administration, on manned space flight and more particularly in the Shuttle, was detrimental to its satellite applications and unmanned space-exploration programs in a vital aspect: Exclusive reliance upon the Shuttle for all launches significantly increased the launching cost per pound of unmanned vehicles.

The Shuttle's own launch delays and the tragic *Challenger* accident both drastically reduced the frequency of satellite and probe launches. Indeed, there were no space probes launched over an entire decade from 1979 through 1988, inclusive.

Fortunately, that lamentable situation has already been corrected by the Bush Administration with the launching of the Magellan, Galileo, and the Hubble Space Telescope.

But the launch costs per pound are still exorbitant because of NASA's continued reliance upon the manned Shuttle for all its launches. We strongly recommend development of a family of unmanned, cost-effective booster rockets to overcome this problem. These boosters could be developed commercially, with NASA purchasing launches and helping to defray development costs. What matters is that they be developed quickly and be put into service.

It would be too lengthy to summarize all the various applications satellite programs which do or should exist under NASA auspices. But one in particular has been languishing which offers great promise and which is on the verge of completion: the Advanced Communications Technology Satellite (ACTS).

The ACTS program was begun in 1983 in an effort to regain United States leadership in satellite communications. NASA, which had led the world in the field in the 1960s, halted its efforts in the mid-1970s when commercial systems were developed.

Since then, a number of countries—Canada, France, Germany, Italy, the U.K., and particularly Japan—have mounted extensive development programs and have forged ahead of the United States in many areas of relevant technology.

The ACTS program, which will have cost the United States taxpayers about $500 million over the years, is intended to test and demonstrate a set of advanced technologies needed to make a singularly important stride in satellite communications: A change in basic philosophy in the use of satellites from simply passive channel routers to active processing and communications switching centers in orbit.

ACTS' successful demonstration of these technologies will change the very nature of communications satellites, serve to position the United States to retain its present market share, and hopefully gain an ever-growing future portion of the $5 billion annual satellite communications market.

But NASA does not appear prepared to exploit the anticipated success of the ACTS program operationally. Indeed, NASA has been perceived historically as not even supporting ACTS.

Since the program's inception in 1983, until this year, OMB has deleted the requested funding for ACTS from the NASA budget annually. Fortunately, each year the Congress has restored it.

One particularly adverse effect of this history is that NASA has inadequately planned for the test and demonstration period following the launch of ACTS. This deficiency is in spite of NASA's unprecedentedly successful experiences planning and executing long-duration demonstration experiments with public participation on the ATS-6 and CTS programs in the mid-1970s.

But today there are no adequate plans to test ACTS' performance in orbit or to demonstrate its ability to provide advanced and specialized services. The envisioned ground complex of terminals and user equipments is completely inadequate to test, calibrate, and demonstrate the ACTS system properly.

MAST would concentrate upon developing the most cost-effective approaches to manned exploration of space: Addressing the need for the space station, possible use of the Shuttle and the space plane as space platforms in lieu of space stations; possible use of the space plane to service a space station or in conjunction with other approaches to send men to the moon and Mars, development of an "Orient Express" or other transoceanic transport, novel aircraft design, and the like.

In a balanced environment, it should be possible to assess more clearly the place of true space stations in the United States space program, and to determine what configurations would best serve those needs.

The Department of Defense seems eager to transfer total responsibility for the National Aerospace Plane (NASP) to NASA. We strongly recommend that NASA should accept it. We believe that the NASP has great potential and should be given greater immediate emphasis in a reoriented NASA manned space program as successor to the Shuttle.

In current proposed Administration plans, the aerospace plane is part of the so-called moon/Mars initiative with a proposed 1991 budget of only $277 million, a modest growth from the enacted 1990 budget of $254 million. We suggest the budgeted amount should be doubled, reprogramming the funds presently planned for beginning the fabrication of the space station, which would be postponed.

Part of the augmented NASP R&D funding should be devoted to defining its proposed uses better. In this regard, we believe the NASP should ultimately replace the Shuttle (with increased utility), but not be given the Shuttle's present mission of launching satellites, which probably could better be accomplished with unmanned launch vehicles.

The NASP could carry cargo and crew to a future space station, help in its construction, or possibly replace it for simpler short-duration missions. It is even possible, though perhaps not cost-effective, that the NASP, equipped with a small Lunar Transfer Vehicle (LTV), could be used to ferry men to the moon, much as was done in the original Apollo program. The NASP could also be employed as an "Orient Express" transport for global distances of 10,000 miles or greater.

The NASP program program we envision might or might not evolve into two separate space planes, as presently planned. We would preserve the space transport version presently proposed, but possibly modify or even abandon the planned Mach 5 hypersonic plane.

The "Orient Express" mission would be preserved, but essentially the same version of the NASP would be used as for its space operations (without rocket boosters and probably with different jet fuels).

The NASP we envision would employ a somewhat conventional jet engine to take off from a conventional runway, employ ram and scram jets to boost itself into, say, Mach 25 flight at the top of the troposphere, and then use expendable rocket engines to boost it into even higher stratospheric Earth orbit.

The R&D problems with the engines, flight-control, and materials will require intense industry effort, but should have considerable commercial value and correspondingly enhance our technological competitiveness.

Such R&D would be consonant with NASA's historical mission and make full use of its, and of industry's, capabilities. The NASP would also be timely in that extensions of more conventional aeronautics' R&D may be approaching a technical asymptote in purely atmospheric flight.

As attested by the R&D and associated planning for the Navy's Advanced Tactical Aircraft (ATA) and the Air Force's Advanced Tactical Fighter (ATF) the problems posed by high-speed manned flight, particularly at low levels but also at high altitude in the atmosphere, are becoming increasingly difficult to solve at reasonable expense. Except for specific low-level flight requirements, the natural solution is to go beyond the atmosphere, where NASP would fly.

And so we are led full circle: What is demanded is agreement between NASA, the Space Council and the Congress as to what our Nation's space programs should be. We particularly need clearly defined goals. When goals have been clear, such as in the case of the Apollo program, NASA has proven adept at determining what needs to be done. Without clear national goals in space, backed by unambiguous budget support, NASA has shown an unwillingness or inability to plan accordingly. Today NASA needs help to justify, prioritize and to select its programs, both manned and unmanned.

In past years, the IEEE-USA's Engineering R&D Policy Committee has provided detailed comments on various aspects of the NSF budget. Space limitations preclude us from going into that detail in this statement, however, we will be glad to supply such detail if requested.

Our position is that the judgments used in creating it are basically sound. We wish to focus our comments on two critical problems regarding the NSF budget: An inadequate level of funding overall and inadequate support for engineering technology research.

In the past three fiscal years, the NSF has had strong support from both the Administration and the congressional authorizing committees aimed at a goal of doubling the NSF budget over a period of five years. We have endorsed and continue to endorse this national goal.

We are extremely disappointed, however, that annual appropriations have fallen severely short of this goal. While we recognize the need for fiscal austerity given the current Federal budget deficit, the United States has been "eating its seedcorn" for a number of years through inadequate funding for engineering research. This can, as the recent past demonstrates, only lead to worse economic performance and is extremely shortsighted.

We note with alarm that the NSF engineering research divisions, except for the engineering centers program, received no more funding in 1990 than in 1989, and proposed increases for 1991 for the engineering research divisions are substantially less than the overall NSF increase. This will have an adverse impact on research, graduate student production, and ultimately, United States economic competitiveness.

We are gratified by the support NSF has made available to basic sciences. However, we believe it is most essential that adequate support also be made available to those portions of the NSF budget dealing with technology. These activities occur primarily in the Engineering and Computer Directorates and include support of the NSF Engineering Research Centers and the Science and Technology Centers.

We cannot emphasize too strongly that the economic strength of this Nation in the next decade is closely coupled to the national investment in technology, including major portions of the NSF.

We urge the Congress to support the President's budget levels for the NSF in fiscal year 1991, and act to ensure that research and development, both within the NSF and throughout the Federal Government, be accorded the highest priority to protect the future economic well-being of the U.S.

Mr. CHAPMAN. Thank you. We appreciate very much your testimony.

Mr. Green?

Mr. GREEN. I just appreciate you giving us a somewhat different perspective on where the space program should go, one with which I have a lot of sympathy, as you might have gathered from my earlier comments, and I appreciate your presence.

[The statement of Dr. Sponsler follows:]

TESTIMONY BY

GEORGE C. SPONSLER, III
CHAIRMAN,
IEEE-USA AEROSPACE R&D POLICY COMMITTEE

ON THE FY 1991 BUDGETS FOR THE
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
AND THE NATIONAL SCIENCE FOUNDATION

BEFORE THE

SUBCOMMITTEE ON VA, HUD AND INDEPENDENT AGENCIES
HOUSE COMMITTEE ON APPROPRIATIONS

May 3, 1990

Good morning Mr. Chairman and members of the subcommittee. My name is George C. Sponsler, III, and I serve as Chairman of the Aerospace R&D Policy Committee of the Institute of Electrical and Electronics Engineers - United States Activities (IEEE-USA). I am pleased to present the views of the IEEE-USA on the FY 1991 budget requests for the National Aeronautics and Space Administration and the National Science Foundation.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The Aerospace R&D Policy Committee of the IEEE-USA has reviewed the Administration's civil aerospace policy and proposed 1991 NASA budget. We welcome the President's strong support of the U.S. civil space program and especially his emphasis on advanced technology, but with one exception: what we believe to be NASA's overemphasis of manned missions in general and the space station in particular. We believe the overall NASA program needs a better balance between automated spacecraft and probes, and manned aerospace transport.

Space Station Freedom

In the Administration's budget document, Space Station Freedom is described as "the world's first permanently-manned microgravity and life sciences laboratory. It will eventually have the capability to service satellites in orbit and to serve as a way station on the journey to the moon and Mars." NASA has proposed that "FY 1991 will be the year that Space Station Freedom makes the critical transition from design to actual fabrication of major long-lead-time hardware." (Statement of Richard H. Truly, NASA Administrator, January 29, 1990). Yet justifications for the project remain to a certain extent contradictory, intertwined with the need for international leadership and technological prestige. NASA's overall priorities are not well determined, and do not convey commitment to a balanced space program, such as we support, or to advancing U.S. competitiveness. Agreement is lacking in both the technical and political communities as to the particular applications which the space station could best serve, especially in light of overall budgetary restrictions. The issue raised is one of cost/benefit: do the projected uses of the space station justify commitment at this time to construction of the presently proposed design, especially in light of its probable total cost of some 30 billion dollars?

It is unwise to embark on a major program merely because it is technically feasible, or because it makes use of resources which happen to be available and which may serve vested interests. To avoid such criticism of Space Station Freedom and of manned space flight, it is essential that their respective mssions be carefully defined and generally accepted as nationally important and economical.

Determining Space Priorities

We do not recommend reduction of the planned total NASA budget but rather reprogramming to support other applied research and exploratory development needed to define and to develop an integrated space program that advances U.S. industrial competitiveness. The integrated national space program we envision would address such basic questions as: why we want to be in space; what specific benefits would be gained by implementing the program that would justify the necessarily large costs; and what parts of the envisioned program should logically be accomplished on a shared basis with international partners.

Historically, mankind has crossed the oceans and explored the earth's continents primarily in search of riches and congenial places to live. Do similar considerations govern our future in space; that is, do the need for natural resources, the degradation of our environment, and the exploding earth population dictate our advance into space? Or do international relations, national prestige, and/or economic competitiveness demand our exploration of space? We must determine whether these factors and possibly others guide our destiny in space and provide the needed rationale for our space expenditures.

A New Balance

We suggest that as part of its review, NASA should consider reorienting its R&D into two balanced and complementary programs: Automated Satellites and Probes (ASAP) and Manned Aerospace Transport (MAST). ASAP would include all earth orbit applications satellites, including ACTS, EOS, Mission to Planet Earth, etc., and all the scientific space probes like Magellan and Cassini. MAST would combine all NASA work on man in both atmosphere and space, including the space station, the shuttles, aviation R&D, and the National Aerospace Plane. High priority would be given to reducing the cost of manned space flight.

Automated Satellites and Probes (ASAP)

ASAP encompasses unmanned activities including all earth applications satellites - including communications, navigation, weather, Landsat and other earth observation satellites for environmental, national resources, and land-use applications, as well as platforms for solar power and other purposes - in addition to the automated space probes of which NASA and the nation are so justly proud. The space probes would precede and facilitate manned exploration of space; and NASA's automation and robotics R&D would bridge both programs.

For example, through such programs as EOS and Mission to Planet Earth, NASA could help solve, or at least provide promising approaches to address, environmental problems such as: global warming; better management of the biomass for atmospheric purity; and ozone depletion. We believe ASAP R&D funds should continue for such robotics projects as the $337 million Flight Telerobotic Servicer, which could be used not only to help astronauts assemble and service a possible future space station, but also maintain, repair or modify low-earth-orbiting satellites. Such an investment would help the U.S. to maintain commercial preeminence in automation systems.

Space provides a unique viewpoint of, and opportunity to exploit and protect the Earth. Congressman George E. Brown, Jr. has proposed that the U.S. space program concentrate upon development of what he calls "Greater Earth." We support his proposal and its important implications for earth observation, space transportation and satellite programs.

Over the years NASA has orbited a number of satellites carrying important remote sensing instrumentation to help us understand our planet and its unique ecological systems. As we move forward with the Earth Observing System (EOS), NASA is moving towards what may be the most important measurements of Earth ever made, given our struggle to keep our environment suitable for human life. As EOS moves forward in design and implementation, it is imperative that we avoid repeating the mistakes of past U.S. Earth observation satellite projects. These mistakes have included vastly underfunded data analysis and interpretation programs, lack of funding and scheduled time for proper instrument characterization before launch, and data archival techniques that have led to the uselessness of substantial quantities of past observation data. Essential funding for the ground segment of EOS should be provided early in that program if NASA is not to repeat similar mistakes it has experienced with earlier earth observation programs.

NASA's prior emphasis, during the Reagan administration, on manned space flight and more particularly on the Shuttle, was detrimental to its satellite applications and unmanned space-exploration programs in a vital aspect: exclusive reliance upon the Shuttle for all launches significantly increased the launching cost per pound of unmanned vehicles. The Shuttle's own launch delays and the tragic Challenger accident both drastically reduced the frequency of satellite and probe launches. Indeed, there were no space probes launched over an entire decade from 1979 through 1988, inclusive. Fortunately, that lamentable situation has already been corrected by the Bush administration with the launching of the Magellan, Galileo, and the Hubble Space Telescope.

But the launch costs per pound are still exorbitant because of NASA's continued reliance upon the manned Shuttle for all its launches. We strongly recommend development of a family of unmanned, cost-effective booster rockets to overcome this problem. These boosters could be developed commercially, with NASA purchasing launches and helping to defray development costs. What matters is that they be developed quickly and be put into service.

It would be too lengthy to summarize all the various applications satellite programs which do or should exist under NASA auspices. But one in particular has been languishing which offers great promise and which is on the verge of completion: the Advanced Communications Technology Satellite (ACTS).

The ACTS program was begun in 1983 in an effort to regain U.S. leadership in satellite communications. NASA, which had led the world in the field in the 1960s, halted its efforts in the mid-70's when commercial systems were developed. Since then, a number of countries -- Canada, France, Germany, Italy, the U.K., and particularly Japan -- have mounted extensive development programs and have forged ahead of the U.S. in many areas of relevant technology.

The ACTS program, which will have cost the U.S. taxpayers about $500 million over the years, is intended to test and demonstrate a set of advanced technologies needed to make a singularly important stride in satellite communications: a change in basic philosophy in the use of satellites from simply passive channel routers to active processing and communications switching centers in orbit. ACTS' successful demonstration of these technologies will change the very nature of communications satellites, serve to position the U.S. to retain its present market share, and hopefully gain an ever-growing future portion of the $5 billion annual satellite communications market.

But NASA does not appear prepared to exploit the anticipated success of the ACTS program operationally. Indeed, NASA has been perceived historically as not even supporting ACTS. Since the program's inception in 1983, until this year, OMB has deleted the requested funding for ACTS from the NASA budget annually. Fortunately, each year the Congress has restored it. One particularly adverse effect of this history is that NASA has inadequately planned for the test and demonstration period following the launch of ACTS. This deficiency is in spite of NASA's unprecedentedly successful experiences planning and executing long-duration demonstration experiments with public participation on the ATS-6 and CTS programs in the mid-1970's. But today there are no adequate plans to test ACTS' performance in orbit or to demonstrate its ability to provide advanced and specialized services. The envisoned ground complex of terminals and user equipments is completely inadequate to test, calibrate, and demonstrate the ACTS system properly.

Manned Aerospace Transport (MAST)

MAST would concentrate upon developing the most cost-effective approaches to manned exploration of space: addressing the need for the space station, possible use of the Shuttle and the space plane as space platforms in lieu of space stations; possible use of the space plane to service a space station or in conjunction with other approaches to send men to the moon and Mars, development of an "Orient Express" or other transoceanic transport, novel aircraft design, and the like. In a balanced environment, it should be possible to assess more clearly the place of true space stations in the U.S. space program, and to determine what configurations would best serve those needs.

The Department of Defense seems eager to transfer total responsibility for the National Aerospace Plane (NASP) to NASA; we strongly recommend that NASA should accept it. We believe that the NASP has great potential and should be given greater immediate emphasis in a reoriented NASA manned space program as successor to the Shuttle. In current proposed Administration plans, the aerospace plane is part of the so-called Moon/Mars Initiative with a proposed 1991 budget of only $277 million, a modest growth from the enacted 1990 budget of $254 million. We suggest the budgeted amount should be doubled, reprogramming the funds presently planned for beginning the fabrication of the space station, which would be postponed.

Part of the augmented NASP R&D funding should be devoted to defining its proposed uses better. In this regard, we believe the NASP should ultimately replace the Shuttle (with increased utility), but not be given the Shuttle's present mission of launching satellites, which probably could better be accomplished with unmanned launch vehicles. The NASP could carry cargo and crew to a future space station, help in its construction, or possibly replace it for simpler short-duration missions. It is even possible, though perhaps not cost effective, that the NASP, equipped with a small Lunar Transfer Vehicle (LTV), could be used to ferry men to the moon, much as was done in the original Apollo program. The NASP could also be employed as an "Orient Express" transport for global distances of 10,000 miles or greater.

The NASP program we envision might or might not evolve into two separate space planes, as presently planned. We would preserve the space transport version presently proposed, but possibly modify or even abandon the planned Mach 5 hypersonic plane. The "Orient Express" mission would be preserved, but essentially the same version of the NASP would be used as for its space operations (without rocket boosters and probably with different jet fuels). The NASP we envision would employ a somewhat conventional jet engine to take off from a conventional runway, employ ram and scram jets to boost itself into, say, Mach 25 flight at the top of the troposphere, and then use expendable rocket engines to boost it into even higher stratospheric earth orbit. The R&D problems with the engines, flight-control, and materials will require intense industry effort, but should have considerable commercial value and correspondingly enhance our technological competitiveness.

Such R&D would be consonant with NASA's historical mission and make full use of its, and of industry's, capabilities. The NASP would also be timely in that extensions of more conventional aeronautics' R&D may be approaching a technical asymptote in purely atmospheric flight. As attested by the R&D and associated planning for the Navy's Advanced Tactical Aircraft (ATA) and the Air Force's Advanced Tactical Fighter (ATF) the problems posed by high-speed manned flight, particularly at low levels but also at high altitude in the atmosphere, are becoming increasingly difficult to solve at reasonable expense. Except for specific low-level flight requirements, the natural solution is to go beyond the atmosphere, where NASP would fly.

Conclusion

And so we are led full circle: what is demanded is agreement between NASA, the Space Council and the Congress as to what our nation's space programs should be. We particularly need clearly defined goals. When goals have been clear, such as in the case of the Apollo program, NASA has proven adept at determining what needs to be done. Without clear national goals in space, backed by unambiguous budget support, NASA has shown an unwillingness or inability to plan accordingly. Today NASA needs help to justify, prioritize, and to select its programs, both manned and unmanned.

NATIONAL SCIENCE FOUNDATION

In past years, the IEEE-USA's Engineering R&D Policy Committee has provided detailed comments on various aspects of the NSF budget. Space limitations preclude us from going into that detail in this statement, however, we will be glad to supply such detail if requested. Our position is that the judgments used in creating it are basically sound. We wish to focus our comments on two critical problems regarding the NSF budget: an inadequate level of funding overall and inadequate support for engineering technology research.

In the past three Fiscal Years, the NSF has had strong support from both the Administration and the congressional authorizing committees aimed at a goal of doubling the NSF budget over a period of five years. We have endorsed and continue to endorse this national goal. We are extremely disappointed, however, that annual appropriations have fallen severely short of this goal. While we recognize the need for fiscal austerity given the current Federal budget deficit, the U.S. has been "eating its seedcorn" for a number of years through inadequate funding for engineering research. This can, as the recent past demonstrates, only lead to worse economic performance and is extremely shortsighted.

We note with alarm that the NSF engineering research divisions, except for the engineering centers program, received no more funding than in 1989 and proposed increases for 1991 for the research divisions are substantially less than the overall NSF increase. This will have an adverse impact on research, graduate student production, and ultimately, U.S. economic competitiveness.

We are gratified by the support NSF has made available to basic sciences. However we believe it is most essential that adequate support also be made available to those portions of the NSF budget dealing with technology. These activities occur primarily in the Engineering and Computer Directorates and include support of the NSF Engineering Research Centers and the Science and Technology Centers. We cannot emphasize too strongly that the economic strength of this nation in the next decade is closely coupled to the national investment in technology, including major portions of the NSF.

We urge the Congress to support the President's budget levels for the NSF in Fiscal Year 1991, and act to ensure that research and development, both within the NSF and throughout the Federal government, be accorded the highest priority to protect the future economic well-being of the U.S.

THURSDAY, MAY 3, 1990.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESS

BRUCE GOLDWATER, MECHANICAL TECHNOLOGY, INC.

Mr. CHAPMAN. Bruce Goldwater, we welcome you to the subcommittee. We will make your complete statement a part of the record and invite you to proceed.

Mr. GOLDWATER. I will just take a few minutes of your time. I am here to talk about the Stirling engine technology that exists in the United States, primarily a result of congressional support for many, many years.

About $110 million was spent to achieve the objectives of the program. Some of that money came from NASA TU in support of vehicle demonstrations. The result was very positive.

We achieve essentially all major goals of the program, very high engine efficiency, very low emissions and the ability to operate on virtually any fuel. As a result of that, NASA is now supporting development of a varying configuration of the Stirling engine for space power needs.

You probably are aware that that program is being funded under the high capacity power, CSTI program. Over the past year, MTI, my company, has spent considerable resources in attempting to transition the work that was originally sponsored by the Department of Energy.

Over this year, we have achieved dramatic reduction in emissions using natural gas as a fuel. Over two to 10 times better emission levels than achieved by the best available controlled technology on current engines.

We have solicited the support of a major engine company and have had the enthusiastic support from the national gas industry, utilities and the like.

Last year we testified that there was a next step that was required, that needed congressional support, and that was for extended field tests for reliability and durability. $3 million was appropriated under the NASA budget, as well as a report being submitted to the House Appropriation Committee that NASA has just completed, and is about to be released. That report has taken a lot longer than we expected, than anybody expected, and has really delayed the start of the program, and the industry is standing ready to participate in this program as soon as the results are made final and the program is defined.

We at MTI have held a technical team together this past year and that has cost us considerable resources, probably in the order of $1 to $2 million. We really can't hold on very much longer. If we don't, we are in danger of losing this capability in technology, and the result will give it away once again to the foreign resources.

What we are asking for here is that this committee support the release of that $3 million as soon as the report is issued and the program is defined, and essentially apply that to whatever the recommendations are.

As far as I know, there is no effect on the budget in 1991, so we are really looking for support from this committee. And that essentially concludes the statement. And I would be happy to answer any questions.

Mr. **Chapman**. Has there been any action or any hearings this year over at the authorizing side?

Mr. **Goldwater**. No.

Mr. **Chapman**. Mr. Green?

Mr. **Green**. No questions, Mr. Chairman.

Mr. **Chapman**. Thank you very much for your excellent testimony. We appreciate it.

[The statement of Mr. Goldwater follows:]

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

STIRLING ENGINE PROGRAM

PRESENTED BY:
BRUCE GOLDWATER
GENERAL MANAGER
STIRLING ENGINE SYSTEMS
POWER SYSTEMS DIVISION

MAY 3, 1990

TESTIMONY ON THE STIRLING ENGINE PROGRAM
BEFORE
SUBCOMMITTEE ON VA, HUD, AND
INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
MAY 3, 1990

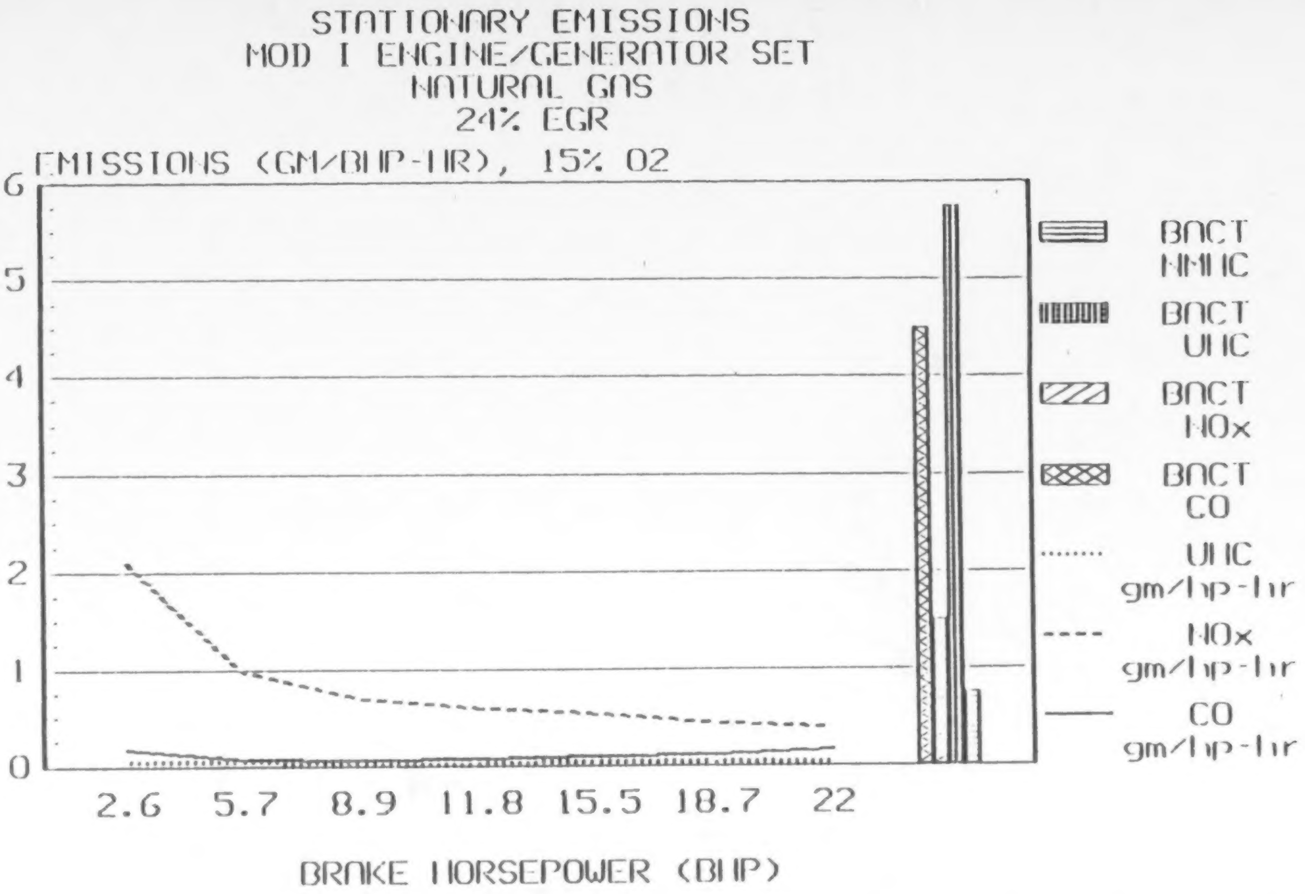
Mr. Chairman and Members of the Subcommittee, I am Bruce Goldwater, General Manager of Mechanical Technology's Power Systems Division. This division has been responsible for the conduct of the Automotive Stirling Engine (ASE) development program under contract number DEN 3-32, a DOE funded and NASA/LeRC managed contract, since 1978.

I thank you for the opportunity to appear here today to review the status of the on-going effort to commercialize Stirling technology, a United States technology. This Stirling technology was transferred from Europe during the course of the Automotive Stirling Engine development programs and, due to the foresight of the Congress, you can now be assured that the United States is the world leader. Congress can also be comfortable that the decision to fund this program was correct. The nation now has an engine technology that provides not only a highly efficient alternative to using standard fuels but also a solution to maintaining a clean air environment. The nation is no longer without alternatives in its quest to be less dependent on foreign oil and to keep our air clean. Today, while the automotive application for which the engine was initially designed remains elusive, significant interest in the use of the engine for stationary applications and specialty vehicles, including hybrid electric configurations, using liquid and gaseous fuels has been generated. Other strong application interest exists for space and underwater propulsion and electric power applications. For example, as you know at MTI we are working on a four year program under NASA's CSTI high capacity power initiative to develop a practical Stirling engine for future space missions.

Over the past year, since we last testified before this committee, much progress has been made toward commercialization of the engine developed under the ASE program. MTI has committed significant corporate resources to enhance the investment already expended on this technology to transition the engine to the market. In today's environment the air pollution issue is a dominant factor towards this aim. The ASE program has made Stirling engine technology available today to meet the President's Clean Air goals using a variety of fuels including unleaded gasoline, diesel, methanol, and natural gas, without the use of catalytic converters of any sort at performance levels credibly above internal combustion engines. As a result, we have been able to attract very strong interest from the natural gas industry and from the engine manufacturing industry. Today, we have formed a teaming relationship with Hercules Engine Company, Canton, Ohio, to pursue applications of the Stirling engine. Work has recently been expended to convert the engine to natural gas fuel and early "engine out" emission test results shown in attached Figure have shown that the Stirling engine will dramatically improve the air quality on all emission constituents over other engines. Up to 10 times better emission levels than Best Available Controls Technology (BACT) IC and diesel engines have been demonstrated. Of interest, we have measured Total Unburned Hydrocarbons 100 times better than the BACT. And, these impressive levels of emissions with natural gas have been accomplished without the use of emissions reduction catalysts.

As indicated last year, the next step is to place multiple units in the hands of the user for extended field tests. While American industry is still reluctant to commit the entire cost of such a field program, cost sharing with government is an option. Last year the Congress appropriated $3 million in the HUD Appropriations Bill, under NASA/Technology Utilization - a key starting point in the process to involve American industry. Definition of this program is on-going under a NASA study to be submitted to Congress this month. We understand that this report is currently being reviewed at NASA headquarters and should be released momentarily. Unfortunately, the study has taken longer than anticipated and as a result, delays in initiating the next phase have been experienced. Industry has been ready to participate and MTI has, on its own, maintained the technical team to accomplish the program. We cannot, however, continue for much longer - the technical know-how is therefore in danger of being lost and the investment Congress has made in the important technology will have been for naught. I am requesting that this committee take a leading position in moving this program forward and funding it at the appropriate level to insure success so that the American taxpayer can in the future realize the benefits of this "clean air" technology.

Thank you again for the opportunity to appear before this committee and I would be pleased to answer any questions you may have.


STATIONARY EMISSIONS
MOD I ENGINE/GENERATOR SET
NATURAL GAS
24% EGR
EMISSIONS (GM/BHP-HR), 15% O2
6
5
4
3
2
1
0
2.6
5.7
8.9
11.8
15.5
18.7
22
BRAKE HORSEPOWER (BHP)
BACT NMHC
BACT UHC
BACT NOx
BACT CO
UHC gm/hp-hr
NOx gm/hp-hr
CO gm/hp-hr

THURSDAY, MAY 3, 1990.

WITNESS

JACK HOWELL, AMERICAN SOCIETY OF MECHANICAL ENGINEERS

Mr. **CHAPMAN**. The next witness is Dr. Jack Howell, from one of the greatest universities in the country, the University of Texas at Austin. Spent four of the happiest years of my life—for me but perhaps not the University—but we welcome you here today. We will make your statement a part of the record and invite you to proceed.

Dr. **HOWELL**. Thank you, sir, we appreciate the opportunity.

My name is Jack Howell. I am Professor of Mechanical Engineering and Chairman of the Department of Mechanical Engineering at the University of Texas at Austin. I am appearing today in my capacity as Chairman of the ASME—American Society of Mechanical Engineers—Task Force on the National Science Foundation, and also as the representative for ASME Task Force on Civilian Space Policy.

I am going to hit the high points of the written testimony, but before I start, I would like to make just a quick off the beaten path comment. That is, if you look through our testimony as well as a number of people who have been here before, there is a common thread which is that we face a really serious problem in engineering education in the country. We are seeing declines since 1984 in the number of Bachelor of Science Degrees in Engineering, and these continue to decline.

We see that as a very serious problem. We have addressed that in both task forces, which came to the same conclusion independently. I think you have heard this from others. I would like to just make that a very strong point of our testimony.

Regarding the NSF 1991 budget proposal, we have the following comments:

The precarious international positions of the United States in manufacturing competitiveness and in energy dependence are well known. Forecasts show an alarming decline in the number of U.S. students who will be entering the engineering colleges in the coming decade and the subsequent long term loss in technical manpower. Of the total NSF request, about 9 and a half percent is allocated to the engineering directorate, which is up slightly from the 9.4 percent of the 1990 program.

Given the importance of engineering in solving the immediate serious problems facing the United States in manufacturing, energy and the projected decline in engineering manpower, we believe that the portion of the NSF budget devoted to engineering should be augmented to at least ten percent of the total 1991 budget by additional funding.

The task force strongly endorses the NSF 1991 proposal to double funding for engineering education within the engineering directorate to $12 million, while raising the budget for science and engineering directorate by 22.9 percent over the 1990 appropriation.

These programs, in concert with our proposed ten percent boost for engineering would stem the trend of declining enrollment, enhance programs aimed at increasing the number of women and minorities in the engineering professions, and strengthen the NSF research programs needed for bringing U.S. citizens into faculty positions at our engineering colleges.

In the latter regard, the NSF Task Force notes with some concern that the funding for basic research within the engineering directorate is not projected to enjoy the same growth as other portions of the budget. As this basic research funding supports faculty and graduate student development, this situation is critical.

The funding for the NSF engineering research centers is increased by 19.9 percent over the 1990 plan. We are pleased to note that this funding includes a $7.5 million increase for the 19 existing engineering research centers, and their efforts to include more undergraduate students, women, and minorities, in their programs.

The NSF Task Force strongly supports the foundation's commitment to developing a high level federal support for engineering research and education. We urge Congress to further increase the NSF funding level so the engineering directorate can go to ten percent or more of the total NSF budget.

The remainder of my comments are on the NASA 1991 budget request. The NASA Task Force recommends that the committee fully fund NASA to achieve the following goals:

First, establish a permanently manned presence in earth orbit, which serves as both a laboratory and enabling technology for our next exploration.

Second, use our body of scientific knowledge to study our planet and its atmosphere as a total system.

Third, continue to explore the solar system through manned and unmanned probes.

And fourth, assure the continued supply of highly qualified aerospace manpower through strengthened support for engineering education.

Space station Freedom is regarded as the cornerstone of our space program over the next three decades. We recommend that multiyear funding be provided to eliminate the uncertainties which plague the station's progress.

The task force recommends further that a blue ribbon civilian oversight committee be established that would participate at critical design reviews and periodically issue technology assessments to the Space Station Office and to Congress.

Mission to Planet Earth is also strongly supported by the task force and data obtained over a 10 to 15 year period will permit us to understand global environmental change.

The task force strongly supports the funding requests for the Moon-Mars robotic mission.

We also support NASA's role in the National Aerospace Plan. Hypersonics will become the key technology for the 1990s, and the task force believes this program will give the United States the same advantage in aerospace in the 21st Century that we enjoy in the 20th Century.

Finally, the task force believes that NASA has a strong role to play in solving U.S. education problems. Let me encourage Congress and NASA to simulate study and faculty interest in advanced space technology by, one, increasing the total number of fellowships in NASA's graduate student researcher program.

Two, increasing support for engineering research at universities.

And three, expanding the National Space Grant College and fellowship program.

In summary, Mr. Chairman, we applauded the proposed 1991 budget increases for both NSF and NASA. Both task forces, working independently, have stressed the serious and potential catastrophic problem facing engineering education, and we suggest that further increases in funding for engineering research and education in both agencies are needed.

Mr. CHAPMAN. Dr. Howell, thank you very much.

Mr. Green?

Mr. GREEN. Obviously, the problem of science and engineering education is one that has concerned this subcommittee for quite a while. And I think if you look back for several years we have increased the funding for the education accounts at NSF above the budget request. A lot of the emphasis that we put on that has been at the elementary and secondary school level, on the theory that if by the time the youngsters get to college, if they are turned off on science and think it is too hard for them to do, that only an Albert Einstein can do it, you are not going to get many science or engineering students out of it.

Have you had any, or have you taken a look at what is being done in the elementary area and secondary level, and whether you think the approach that has been taken is going to be effective?

Dr. HOWELL. Yes, sir. I serve on a task force of the ASME looking at the materials that are being made available to counselors and students at those levels. We are trying to see if those are appropriate, if they indeed fit with the needs of students in trying to at least open up the areas of engineering to them, and also whether we can do a better job with the teachers, and particularly the counselors that work with students.

We tend to think that counselors working with high school students, telling them where to go for jobs, but apparently—and I wasn't even aware of this—apparently the grade schools also have counselors who talk with the students and have a great influence. We are preparing materials for that.

There is a lot going on, and blanket organizations are trying to be put together among the engineering societies to attack this. We all feel it is really a critical problem.

Mr. GREEN. Do you think the investment we have been making in it through NSF has been a wise one so far?

Dr. HOWELL. Yes. I am familiar with many of those programs.

Mr. CHAPMAN. Dr. Howell, thank you very much for your testimony.

[The statement of Dr. Howell and additional written testimony on NASA follow:]

The American Society of
Mechanical Engineers

Suite 218
1825 K Street, N.W.
Washington, DC 20006-1202
202-785-3756

American Society of Mechanical Engineers Witness List
Subcommittee on VA, HUD, and Independent Agencies

Thursday, May 3, 1990

Dr. John R. Howell
Chairman
Mechanical Engineering Department
University of Texas
Austin, Texas

The American Society of
Mechanical Engineers

Suite 218
1825 K Street, N.W.
Washington, DC 20006-1202
202-785-3756

Statement of the

Task Force on the National Science Foundation

of the

Council on Education

and the

Task Force on Civilian Space Policy

of the

Council on Engineering

of the

American Society of Mechanical Engineers

on the

FY 1991 Budget Requests for

the National Science Foundation and the

National Aeronautics and Space Administration

Presented to the

Subcommittee on VA, HUD, and Independent Agencies

Committee on Appropriations

U.S. House of Representatives

May 3, 1990

Mr. Chairman and Members of the Subcommittee:

My name is Jack Howell, and I am a professor and Chairman of the Department of Mechanical Engineering at the University of Texas at Austin. I am appearing before you today in my capacity as Chairman of the Council on Education of the American Society of Mechanical Engineers' (ASME) Task Force on the National Science Foundation (NSF) budget. I am also serving as the representative for the ASME Aerospace Division's Task Force on Civilian Space Policy, and will discuss the National Aeronautics and Space Administration (NASA) budget as well. This statement was prepared by the Task Forces and represents the consensus of those groups rather than an official position of ASME.

We appreciate this opportunity to express our views on the proposed Fiscal Year (FY) 1991 budget requests for the NSF and NASA. ASME is a non-profit educational and technical society founded over 100 years ago. Today ASME's membership exceeds 119,000 mechanical engineers, including over 19,000 students.

NSF

First I will address the 1991 NSF budget request. Because of the prominent NSF role in mechanical engineering research and education, the NSF Task Force has a long and continuing history of interest in the immediate as well as the long-term direction of NSF. Our statement focusses primarily on the engineering education and research portions of the FY 1991 budget request.

The precarious international positions of the U.S. in manufacturing competitiveness and in energy dependence are well known. Additionally, forecasts show an alarming decline in the number of U.S. students who will be entering the engineering colleges in the coming decade and a subsequent loss of technical manpower. Vigorous efforts to address and solve these problems are underway in ASME as well as its sister technical societies. NSF plays a key role in initiating, cooperating with, and providing support to these efforts.

The FY 1991 NSF budget request for the Engineering Directorate is $226 million, an increase of $25.78 million or 12.9 percent over the current year's plan of $200.22 million. The FY 1991 request for the Engineering Directorate is 9.5 percent of the total NSF request of $2.38 billion, up slightly from the 9.4 percent of the 1990 current plan.

Given the importance of engineering to this country, and the immediate serious problems facing the United States in manufacturing competition, in energy technology and energy supply, and the projected decline in engineering manpower, we believe that the portion of the NSF budget devoted to engineering is inappropriately small and should be augmented to at least 10 percent of the total FY 1991 NSF budget by additional funding.

The forecasted decline in the number of U.S. engineering students and, as a consequence, the number of engineers in this country, is serious and potentially catastrophic. The number of engineering degrees awarded has declined each year since 1986, and the total enrollment in all engineering colleges has declined continuously since 1983, indicating that the drop in degrees will continue for the foreseeable future (Figures collected by the American Society of Engineering Education).

NSF is addressing this problem through increasing the proposed funding in two areas. First, within the Engineering Directorate, proposed funding for Engineering Education within the Engineering Infrastructure Development Program is doubled from $6 million to $12 million. Second, the 1991 proposed budget for the Science and Engineering Education Directorate is $251 million, up 22.9 percent from the 1990 current plan. These increases have the Task Force's wholehearted support, and funding for these areas must continue to be the highest priority. In addition, programs in the Engineering Directorate aimed at increasing the representation of women and minorities among engineers deserve full emphasis and funding.

We provide engineering education in this country that is without parallel in the world. This is evidenced by the large number of foreign nationals who take advantage of our programs. Now, however, too few U.S. students are entering graduate engineering programs, in order to prepare themselves to become productive and innovative in both industry and academia. A significant fraction of U.S. citizens now on engineering faculty will retire within ten years. Unfortunately, some U.S. companies fail to recognize that maintaining the nation's competitive edge in the international market place requires educating engineers beyond the undergraduate level.

If U.S. citizens are to make up a major portion of the faculty in our engineering colleges, then NSF research programs must be maintained and expanded. Otherwise, a critical resource will be lost to us. NSF remains the major source of funding for basic research programs carried out by engineering faculty and both graduate and undergraduate students. This funding supports innovative projects often of value to industry, and provides support for the advanced training of engineers and future faculty. However, the NSF Task Force notes with concern that the funding for the basic research portion of the Engineering Directorate is not projected for the same growth as the other portions of the budget.

The funding provided by NSF's Engineering Directorate is vital for the development of future faculty for U.S. colleges of engineering. Many of the present faculty were supported as students by NSF programs; many received their initial research funding as faculty from NSF through the NSF Research Initiation Grant or Presidential Young Investigator programs. This initial research funding often led to later support for the research from industry, other federal agencies, or other sources. With the prospective decline in defense spending and the ripple effect of this decline on industrial research support, these follow-on sources may not be available. NSF programs are not robust enough under the proposed budget to replace them. We believe that this problem of "reentry" research support for faculty when NSF-sponsored initiation grants expire should be addressed in succeeding budgets.

While many engineering and science problems, once identified, can be successfully investigated and brought to the point of application of large-scale approaches typified by research centers and national laboratories, it is also true that many if not most innovations come from single investigators or small groups. Thus, it is vitally important to maintain balanced funding between large-scale laboratories, research centers, universities and individual or small-team investigators.

The funding for the NSF Engineering Research Centers falls within the Engineering Directorate, and the proposed budget for the Centers is increased by $8.9 million to a total of $55.3 million, an increase of 19.9% over the FY 1990 plan of $46.4 million. We are pleased to note that this funding includes a $7.5 million increase for the nineteen existing Engineering Research Centers and their efforts to expand their research activities to include more undergraduate students, women, and minorities. A $1.38 million increase is allocated for the Industry/University Cooperative Research Centers in order to fund four new centers.

The NSF Task Force strongly supports the proposed increases for the FY 1991 NSF budget and endorses the Foundation's commitment to developing a high level of federal support for engineering research and education. We urge Congress to further increase the NSF funding level so that the Engineering Directorate can grow to 10 percent or more of the total NSF budget, and to help to double the overall NSF budget by 1994.

NASA

The remainder of my comments are on the NASA FY 1991 budget request. Because of the immense variety of applications for mechanical engineering, over twenty percent of ASME's membership is directly or indirectly involved in aerospace technologies.

The Task Force strongly endorses the Administration's NASA Budget request for FY 1991. The Task Force believes that this budget ensures a strong, balanced space program for the 1990s. The numbers are clear; NASA is back in business. The question on everyone's mind now is: what "business" is NASA in, or rather, what "business" should NASA be in?

The Task Force believes that NASA's goals in the coming decade (and century) must be clearly defined if measurable performance criteria are to be continuously used in assessing NASA's future. It is difficult to quantify scientific benefits; it is not difficult to state that our goal is to seek them. With that in mind, the Task Force recommends that the Committee fully fund NASA with the purpose of achieving the following goals: (1) establish a permanently manned presence in earth orbit which serves as both a laboratory and an enabling technology for our next explorations, (2) use our body of scientific knowledge to study our planet and its atmosphere as a total system, (3) continue to explore the solar system through manned and unmanned probes, (4) actively educate the public, and encourage public participation where appropriate, in the process of scientific exploration and understanding of our surroundings.

In addition to the goal to achieve scientific benefits, the Task Force supports NASA's continuing role as a leader in technology development and technology transfer. America's leading position in the global aerospace market is due largely to our nation's sustained leadership in such areas as advanced materials and computers, and NASA is key to that leadership.

The Task Force would like to focus on these goals somewhat further. As you know, Space Station Freedom is regarded as the cornerstone of our space program over the next three decades. The station will serve as an enabling technology for our future scientific missions; and, it will also require enabling technologies of its own. This space station is not unlike many of man's past achievements such as Apollo or the Panama Canal. Assembly and maintenance of Freedom will require new ideas that necessitate new risks, and thus the appropriate funding is essential to permit the ideas to reduce the risks. New programs in robotics, pressurized space suits, and replacement modules with extended reliability are necessary to assure continuous usage of the station. Therefore, it is strongly recommended that multi-year funding be provided to eliminate the uncertainties which plague the station's progress. No program of this magnitude can abide an unsecured funding profile without severely affecting performance and costs.

Once the station is manned, it will in turn become an enabling technology for scientific study of the earth and the cosmos. The list of benefits to be reaped from the station runs too long to express here; suffice it to say that Freedom will provide scientific and technological data for astronomy, life sciences, materials processing, biosphere studies, and outward exploration for decades to come.

The Task Force recommends that a blue ribbon civilian oversight committee be established that would participate in critical design reviews and periodically issue a technology assessment to the Space Station Office and Congress. Such an oversight committee would serve to provide an independent, yet credible, assessment of the status, progress, and needs of the program.

Mission to Planet Earth is strongly supported by the Task Force as well. Data obtained over a long term period (10 to 15 years) will permit us to understand the integrated processes which are driving global change. The Earth Observing System (EOS), consisting of EOS-A, EOS-SAR, and EOS-B, will provide a unique opportunity to group a variety of pertinent instruments and sensors together to obtain surface and atmospheric data at a common time and spatial location. In this regard, the Task Force notes that a key element of this program, EOS-SAR, is not included in the FY 1991 Budget submittal. The Task Force urges the Committee to provide the funding necessary to ensure that SAR is launched concurrently with EOS-A.

The Task Force also strongly supports the funding request for the Moon/Mars robotic missions. These missions will provide early reconnaissance data that will support future human exploration as articulated by the President's Space Exploration Initiative. The Task Force is pleased to see some desperately needed long-term direction given to manned exploration. The Task Force recommends that: (1) all alternative approaches for these missions be assessed by NASA with the intention of creating a long-term plan to establish funding priorities; and (2) international participation be encouraged in planning and undertaking these missions.

NASA also has a key role in the National Aerospace Plane which is now under development through an innovative national team approach. Hypersonics will become a key technology for the 1990s, and the Task Force believes that the NASP program will give the United States the same advantage in the hypersonic age of the 21st century that the Boeing 707 did in the jet age of the 20th century.

Finally, the Task Force believes that NASA has a strong role to play in solving the education problems confronting the U.S. The Task Force believes NASA's future large scale space programs should continue to actively fund educational programs for the public and our educators.

To this end, the Task Force enthusiastically endorses the recent increase by NASA in the available stipends and number of fellowships in NASA's Graduate Student Researchers Program. However, we encourage Congress and NASA to intensify even further efforts to stimulate student and faculty interest in advanced space technology by: (1) increasing the total number of fellowships in NASA's Graduate Student Researcher Program, (2) increasing support for engineering research at universities through individual research grants and contracts, (3) expanding the National Space Grant College and Fellowship Program; and (4) actively working to educate the public, and encouraging public participation in the programs.

In summary, Mr. Chairman, we applaud the proposed FY 1991 budget increases for the NSF and NASA, suggesting, however, that further increases in funding for engineering research and education in both agencies are needed to meet the many science and technology challenges and opportunities facing the nation.

TESTIMONY OF DR. BRENT BLACKWELDER
VICE PRESIDENT
ENVIRONMENTAL POLICY INSTITUTE
BEFORE
THE HONORABLE ROBERT TRAXLER
CHAIRMAN, VI-HUD-IA SUBCOMMITTEE
HOUSE COMMITTEE ON APPROPRIATIONS

MAY 3, 1990

STATEMENT OF THE ENVIRONMENTAL COMMUNITY PERTAINING TO MISSION TO PLANET EARTH

MR. CHAIRMAN. WE APPRECIATE THE OPPORTUNITY TO STATE FOR THE RECORD THE ENVIRONMENTAL COMMUNITY'S STRONG SUPPORT FOR NASA'S MISSION TO PLANET EARTH / THE EARTH OBSERVATION SYSTEM (MPE/EOS) AND OPPOSITION TO SPENDING MONEY AT THIS TIME FOR A RETURN TO THE MOON OR A MANNED MISSION TO MARS. WE BELIEVE THAT MPE / EOS SHOULD BE THE TOP PRIORITY FOR OUR NATION'S SPACE PROGRAM IN THE FORSEEABLE FUTURE.

NASA CAN PLAY AN ESSENTIAL ROLE BY ENABLING THE U.S. AND FOREIGN GOVERNMENTS TO DETERMINE THE RATE AND DEGREE OF GLOBAL ENVIRONMENTAL CHANGES AND TO ANTICIPATE IN A TIMELY MANNER THEIR IMPLICATIONS. NASA'S EARTH SCIENCES DIVISION HAS ALREADY MADE ONE OF THE MOST OUTSTANDING CONTRIBUTIONS TO UNDERSTANDING OF GLOBAL CLIMATE CHANGE BY UNCOVERING THE CAUSES OF THE OZONE HOLE OVER THE SOUTH POLE AND BY DISCOVERING THAT THE STAGE IS SET FOR OZONE DEPLETION AT THE NORTH POLE.

WE FEEL STRONGLY THAT MISSION TO PLANET EARTH (MPE) IS AN IMPORTANT ENVIRONMENTAL PROGRAM WITH FAR REACHING IMPLICATIONS FOR UNDERSTANDING, PREDICTING AND MITIGATING GLOBAL WARMING AND CLIMATE CHANGE. THE PROGRAM WILL ALSO PROVIDE DATA AND SERVICES WITH IMPORTANT APPLICATIONS TO SPECIFIC ENVIRONMENTAL ISSUES. THESE ISSUES INCLUDE OFFSHORE OIL SPILLS (MPE SHOULD BE ABLE TO MONITOR THE BREADTH, DEPTH AND OVERNIGHT / BAD WEATHER MOVEMENT OF OIL SLICKS), AGRICULTURAL PLANNING (SOIL MOISTURE, STRESS IN PLANTS, DROUGHT PREDICTION), EARTHQUAKE PREDICTIONS (SCIENTISTS ANTICIPATE THAT MPE WILL MONITOR 1/2 INCH MOVEMENTS IN THE EARTH'S CRUST, AND SIGNIFICANTLY IMPROVE OUR ABILITY TO UNDERSTAND AND PREDICT EARTHQUAKES, RAINFOREST MONITORING (INCLUDING WORLDWIDE MEASUREMENT OF THE DEPTH OF THE FOREST BIOMASS, AN IMPORTANT FACTOR IN UNDERSTANDING GLOBAL WARMING), MONITORING OF INTERNATIONAL ENVIRONMENTAL AGREEMENTS SUCH AS TREE PLANTING AND CLEAR CUTTING AGREEMENTS, AND, AIR POLLUTION MONITORING AND CONTROL.

WE ANTICIPATE THAT THE USE OF TECHNOLOGIES DEVELOPED PRIMARILY FOR DEFENSE AND SCIENCE IN THE LAST DECADE, PARTIALLY EMBODIED IN MISSION TO PLANET EARTH / EOS, WILL HELP US TO CREATE A NEW SCIENCE-BASED INFORMATION ERA IN RESOURCE MANAGEMENT, POLLUTION MONITORING, AND CLEAN-UP TECHNOLOGY IN THE COMING DECADE, BOTH IN THE UNITED STATES AND ABROAD. MPE / EOS IS AN IMPORTANT AND HIGHLY SIGNIFICANT STEP IN THIS DIRECTION.

WE URGE YOUR STRONG SUPPORT FOR MISSION TO PLANET EARTH / EOS. WE ARE CONCERNED THAT NASA'S MPE / EOS MAY NOT RECEIVE PRIORITY ATTENTION IN VIEW OF SPACE EXPLORATION INTITATIVES RECENTLY PROPOSED AS NATIONAL PRIORITIES ON THE 20TH ANNIVERSARY OF THE MOON LANDING; NAMELY, A RETURN TO THE MOON AND A MANNED MISSION TO MARS.

THE ESTIMATED COST OF A RETURN TO THE MOON ALONE WILL EASILY EXCEED $100 BILLION OVER 20 YEARS. ESTIMATES MADE SEVERAL YEARS AGO FOR A MANNED MISSION TO MARS INDICATE THAT THE COST OVER 10 YEARS WOULD REACH $300 BILLION.

IN CONTRAST TO THIS SPACE EXPLORATION, MPE / EOS CANNOT WAIT. WHILE WE UNDERSTAND THAT PEACEFUL OBJECTIVES CAN BE OBTAINED THROUGH A JOINT MISSION TO MARS WITH THE SOVIETS OR WITH A LUNAR BASE, THE MISSION TO PLANET EARTH / EOS IS ALSO A MAJOR, JOINT INTERNATIONAL PROGRAM INVOLVING OVER 10,000 SCIENTISTS AND 19 GOVERNMENTS WORLDWIDE. CANADA, JAPAN AND 13 EUROPEAN NATIONS REPRESENT AN INTEGRAL PART OF THE MISSION TO PLANET EARTH / EOS PROGRAM. THUS, IT IS LIKELY MPE / EOS IS THE LARGEST INTERNATINAL SCIENTIFIC UNDERTAKING IN THE HISTORY OF HUMAN CIVILIZATION.

MPE / EOS IS LESS EXPENSIVE THAN A TRIP TO THE MOON OR TO MARS AND CAN BE DONE MUCH SOONER BECAUSE THE TECHNOLOGIES FOR IT ALREADY EXIST. IT IS EXTREMELY RELEVANT TO URGENT ENVIRONMENTAL PROBLEMS FACING THE U.S. AND FOREIGN GOVERNMENTS. IT SHOULD BE DONE AS THE NEXT MAJOR SPACE PROGRAM INITIATIVE AND BEFORE MAJOR SPENDING FOR ANY OTHER SPACE INITIATIVE IS INCURRED. FURTHERMORE, MISSION TO PLANET EARTH / EOS IS NOT CONTINGENT ON A MANNED ORBITING SPACE STATION WHICH HAS ENCOUNTERED CONGRESSIONAL CRITICISM. WE SHARE THIS CONGRESSIONAL CONCERN ABOUT THE COSTLINESS OF SUCH A SPACE STATION IN VIEW OF PRESSING BUDGET DEFICITS.

IN THE REMAINDER OF THIS STATEMENT, WE WOULD LIKE TO ADDRESS IN MORE DETAIL SOME OF THE PRESSING NEEDS FOR MPE/EOS. SCIENTIFIC UNDERSTANDING OF THE EARTH AS A WORKING ECOLOGICAL SYSTEM IS RUDIMENTARY AT BEST. ALTHOUGH EARTH SCIENCES DATA HAS BEEN COLLECTED OVER THE LAST TWO DECADES, THE PROGRAM HAS BEEN AD HOC. WHILE MAXIMUM USE OF EXISTING DATA MUST BE MADE, EXTENSIVE DATA IS LACKING, ESPECIALLY FOR THE PURPOSE OF INCREASING OUR CAPACITY TO PREDICT THE VERY SIGNIFICANT BUT COMPLEX INTERACTIONS BETWEEN VEGETATION, CLOUDS, OCEAN CIRCULATION, AND GLOBAL TEMPERATURES.

MPE/EOS WILL ALLOW ENVIRONMENTAL MANAGERS AND POLICY MAKERS TO PREDICT CHANGES IN GLOBAL CLIMATE AND THE ABILITY OF GLOBAL, REGIONAL AND LOCAL ECOSYSTEMS TO SUPPORT LIFE AND SUSTAIN HUMAN ACTIVITY. THE PROGRAM WILL ALLOW THE MONITORING OF WARMING TRENDS WITH SIGNIFICANTLY IMPROVED ACCURACY, THE IDENTIFICATION OF CAUSES OF WARMING AND THE PREDICTION OF ITS EFFECTS. SPACE MONITORING WILL HELP TO IDENTIFY ENVIRONMENTAL DEGRADATION PATTERNS EARLIER AND IN MORE DETAIL THAN GROUND-BASED DATA. SPACE MONITORING AVOIDS SOME SERIOUS LIMITATIONS OF JURISDICTIONAL LINES.

GLOBAL WARMING WILL HAVE SIGNIFICANT IMPACTS ON WATER QUALITY AND AVAILABITY, BIOLOGICAL

DIVERSITY, ENERGY NEEDS AND AVAILABILITY, FOREST COVER AND DESERTIFICATION, AGRICULTURAL PRODUCTION AND PESTICIDE USE, WETLANDS MIGRATIONS, OCEAN AND COASTAL ECOSYSTEMS AND FISHERIES, WILDLIFE HABITAT, POPULATION MIGRATIONS FOR HUMANS AND MANY ANIMAL SPECIES, AND LAND MANAGEMENT AND USE. GLOBAL WARMING STUDIES TO DATE INDICATE THE POSSIBILITY OF TRAUMATIC INTERRUPTIONS TO NATURAL ECOSYSTEMS AND FORESTS, SEVERE REGIONAL DISPLACEMENT OF AGRICULTURE, AND ENORMOUS COSTS FOR COASTAL AREAS. HOWEVER, THE DATA ON SUCH IMPACTS NEEDS TO BE IMPROVED AND REFINED. MPE/EOS WILL REFINE ANALYTICAL ABILITY IN ALL THESE AREAS, VASTLY IMPROVING THE QUALITY OF MEASUREMENTS AND PREDICTIONS.

IN CONCLUSION, IT IS MISSION TO PLANET EARTH / EOS, NOT THE SPACE STATION OR VENTURES TO THE MOON OR MARS, WHICH SHOULD BE THE TOP PRIORITY FOR OUR NATION'S SPACE PROGRAM. WE NEED YOUR SUPPORT AND AN AGGRESSIVE SCHEDULE ON THE ORDER OF SEVERAL HUNDRED MILLION DOLLARS FOR THIS MOST IMPORTANT SPACE AND ENVIRONMENTAL INITIATIVE.

ON BEHALF OF:

MICHAEL OPPENHEIMER, ATMOSPHERIC SCIENTIST,
ENVIRONMENTAL DEFENSE FUND

MICHAEL FISCHER
PRESIDENT, THE SIERRA CLUB

DR. PETER MYERS
BORAD MEMBER, NATIONAL AUDUBON SOCIETY

THOMAS B. STOEL
NATURAL RESOURCES DEFENSE COUNCIL

BROOKS YEAGER
VICE PRESIDENT FOR GOVERNMENT RELATIONS
NATIONAL AUDUBON SOCIETY

JOHN TOPPING, EXECUTIVE DIRECTOR,
THE CLIMATE INSTITUTE

MAITLAND SHARPE
ISAAC WALTON LEAGUE

MARGARET OWINGS, PRESIDENT,
FRIENDS OF THE SEA OTTER

RICHARD CHARTER, DIRECTOR,
CALIFORNIA LOCAL GOVT. COORDINATION PROGRAM

R. NEIL SAMPSON, EXECUTIVE VICE PRESIDENT
AMERICAN FORESTRY ASSOCIATION

DAN LASHOFF, SR. SCIENTIST FOR GLOBAL WARMING,
NATURAL RESOURCES DEFENSE COUNCIL

LYNN GREENWALT, VICE PRESIDENT, INTN'L. AFFAIRS,
NATIONAL WILDLIFE FEDERATION

ANDY PALMER, WASHINGTON DIRECTOR
AMERICAN OCEANS CAMPAIGN

SARAH CHASIS
NATURAL RESOURCES DEFENSE COUNCIL

Ada Software Alliance
2111 Wilson Boulevard, Suite 531
Arlington, VA 22201
703-276-9068 FAX: 703-276-3580

TESTIMONY OF
RALPH E. CRAFTS, PRESIDENT
Ada SOFTWARE ALLIANCE
BEFORE THE
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
ON THE
FISCAL YEAR 1991 NASA BUDGET
CHAIRMAN BOB TRAXLER
MARCH 12, 1990

Introduction

Mr. Chairman and Members of the Subcommittee, thank you for giving the Ada Software Alliance (ASA) the opportunity to submit testimony on the budget for the National Aeronautics and Space Administration (NASA). ASA was formed in 1989 to promote and enhance the use of the Ada programming language and associated software engineering technology in any and all applications and programs where the use of Ada can benefit the customer.

The current version of the NASA Fiscal Year 1991 budget, although detailed in most areas of NASA operations, appears to overlook a critical ingredient in the successful pursuit of the agency's space programs--software. To properly address and overcome the tremendous challenges posed by space system software requirements, NASA decided several years ago to standardize on, and mandate the use of, a standard computer programming language: Ada. That is why we believe it is important for NASA and this Committee to focus on the software issue.

The Importance of Software at NASA

The development, purchase, and maintenance of software for NASA consumes more than 20 percent of the total NASA budget. NASA and its contractors develop between 15 and 20 million lines of code each year, at an annual cost of about $1 billion. The annual cost of writing new software exceeds 10 percent of the total NASA budget. The cost of routine maintenance, along with the purchase of commercial-off-the-shelf software, and the building of special-purpose software, exceeds an additional 10 percent of the total NASA budget.

As an example of how critical and costly software is in NASA projects, the software required to support the first shuttle launch exceeded 20 million lines of code and cost more than $1.2 billion. The annual recurring cost for shuttle flight software alone is more than $30 million. Figure 1 shows the various software components required for the shuttle.

NASA usually contracts for more than 90 percent of its software development, and does the remainder internally. The role of software at NASA has changed dramatically over the years, as the complexity of the manned spaceflight programs has increased. As shown in Figure 2, the growth in demand for software at NASA is expected to continue, and the rate of growth will also increase. An internal NASA report notes, "NASA will be unable to supply the number of software engineers required to meet this increased demand."

The Potential of Ada at NASA

According to a NASA working group report, "Ada has promise for more efficient production of higher quality software through its support for the principles and goals of software engineering. The discipline of software engineering has the potential to alleviate the pervasive problems that constitute the "software crisis." The report goes on to caution that "Ada is not an end in itself but rather a means to achieve the goals of software engineering."

The working group also recognized that the "Ada transition" would not be trivial:

> "To realize the promises of Ada, an organization must be willing to make changes to incorporate both Ada technologies and software engineering principles into its software development process. Changes to the training program, software tool suite, and software standards and practices are necessary parts of the adoption process."

NASA's Ada Five-Year Plan

In March of 1988, the NASA Information Resources Management (IRM) Council expressed their concern that NASA lacked the infrastructure necessary to support the use of Ada for major NASA software projects. The Council also observed that NASA did not have a coordinated strategy for applying its experiences with Ada to follow-on programs. The Council appointed an inter-center Ada and Software Management Assessment Working Group (ASMAWG) to investigate Ada's status at NASA and make recommendations to the Council.

One year later, the ASMAWG submitted their report, entitled, "Ada and Software Management in NASA: Findings and Recommendations." Based on that report, as well as the "NASA--Evolving to Ada: Five-Year Plan" (dated April, 1989), and an internal report on the response from industry and NASA from a NASA symposium/forum in June, 1989, ASMAWG offered the following conclusions:

--Ada is an appropriate vehicle to support the evolution to improved software practices in NASA.

--Although NASA offers courses in Ada and software engineering, the training programs are not adequate to accomplish a transition to Ada.

--NASA has very little experience with Ada, and current plans do not provide for building an experience base adequate to meet existing commitments for the use of Ada.

--NASA Ada projects have often selected or developed sophisticated tools and methods; but software reuse is still in a rudimentary state.

--NASA software management has been weak in two areas pertinent to this report:

1. agency-level planning for the use of state-of-the-art software engineering practices;

2. project-level management of software risks, including those associated with Ada.

--NASA does not have an adequate set of agency-level standards and internal organizations to provide direction in software engineering and to support the evolution to new software technologies such as Ada.

--Although NASA has sponsored extensive research in software engineering, some of which has dealt with Ada-related technology, the agency has not had a broad, coordinated program of research, experimentation, and pilot projects.

--NASA does not have an adequate program of collection and use of metric data about the software development process.

The ASMAWG went on to make the following recommendations:

--NASA should adopt Ada as its standard programming language.

--NASA should establish a Software Engineering and Ada Implementation Task Force.

--NASA should develop and adopt tailorable standards for software development, management, and assurance.

--NASA should evolve toward a common software support environment.

--Each NASA center should develop a plan for evolving to Ada.

--The Task Force should ensure the development and implementation of an agency-wide core curriculum in software engineering and Ada. Each NASA center should adapt the core curriculum to its specific needs.

--For any "critical" project, management should be required to develop and implement a written risk management plan.

--NASA should establish an Ada incentive program for its software contractors.

--The Office of Aeronautics and Space Technology should plan and coordinate agency-wide software research and development, more of which should support Ada.

--NASA should establish an agency-wide program to collect and use software metrics.

--NASA should establish a Software Process Engineering Task Force to support the evaluation and improvement of the agency's software acquisition and in-house development processes.

ASA finds these to be laudatory recommendations. What we are concerned about is the implementation of them.

NASA's Ada Transition Model

The ASMAWG's Ada Transition Model emphasizes the importance of software engineering: "It would be more effective to adopt sound software engineering principles without Ada than to adopt Ada without sound software engineering principles." The value of Ada is as a vehicle for the implementation and use of sound software engineering.

To effect the use of Ada as a software engineering vehicle, a knowledge base must be established within the organization; this means a significant commitment of resources for training. As shown in Figures 3, 4, and 5, deriving reuse, productivity, and error rate benefits from the use of Ada is a function of experience. Generally, the benefits start to accrue on the third Ada project.

Multi-year Transition Plan

A three-phased Ada transition plan was proposed by the ASMAWG, as depicted in Figure 6. The plan calls for NASA to be "100 percent Ada" by 1997.

According to an internal NASA report, "Industry was surprisingly positive about the proposal to mandate Ada and adhere to agency wide standards." There was also a "large consensus" against training incentives, and against the development and mandate of a common software support environment (referring to the NASA SSE--Software Support Environment project).

The various NASA centers remain somewhat divided on the Ada plan and mandate. Of the nine centers represented, four of them are strongly in favor of the plan, three are against it, and two "are in between." Those opposed to the plan appear "surprisingly ignorant" in the field of software engineering, are not aware of the software crisis, and offer no alternatives to the Ada transition plan, according to NASA's own internal report.

Most NASA vendors feel that the phased transition plan is too long--they would rather accomplish the transition in a shorter period of time. The other consensus is the opposition to the SSE--contractors would rather use their own support environments.

Of the NASA centers opposed to the use of Ada, the most common other languages used are C and FORTRAN. As NASA's own software engineers have pointed out, however, C is not a realtime, fault tolerant, distributed, and concurrent programming language, all critical for reliable space system software. Nor is FORTRAN a DBMS language, another important feature. The NASA/industry forum concluded, "We [NASA] have used and are still using these languages [C and FORTRAN] for a kind of software engineering application they were never designed for." State-of-the-art software engineering without Ada is not viable. Support for strong typing, exception handling, packaging, information hiding, and concurrency is necessary to attain that level of engineering discipline.

Status of NASA's Ada Five-Year Plan

NASA's IRM Council expected to have an action plan ready by November 30, 1989, for the agency's Ada transition. Currently, no formal NASA Ada plan or policy (agency wide) has been implemented, despite several NASA studies showing the benefits and critical nature of Ada technology to the space systems software development.

Recommendations

The Ada Software Alliance strongly believes that the lack of formal treatment of software and Ada in the NASA FY91 budget is a critical oversight, and an omission that could severely impact the development and fielding of the Space Station Freedom and other NASA programs. If, in fact, the Ada- and software-related portions of the NASA budget have been "folded into" other portions of the proposed budget, those portions should be restated to explicitly identify the associated software costs.

The transition to Ada by NASA will not be free; in fact, there is a requirement for extensive training, the acquisition of software tools and development computer systems, and for widespread management training and education. The cost of the transition should be identified explicitly in the NASA budget. As NASA's own working group has stated, NASA must establish a means of measuring success in software development. That can only be done by specifying relevant costs and timelines to ensure compliance with the plan and an accomplishment of stated objectives. Those mechanisms are not included in the NASA budget we have reviewed.

Conclusion

The Ada Software Alliance is strongly supportive of the NASA space programs, and believes the potential benefits of space exploration to this country are enormous. ASA is also cognizant of the critical role of software in the successful implementation of every single NASA program. With software playing such a role, the NASA budget must identify software-related costs, benefits, and schedules, in order to lower risks, ensure visibility of progress, and guard against major setbacks in accomplishing this country's space missions.

Mr. **Green**. Mr. Chairman, I am going to have to leave. I had hoped to be present when you reached Mr. Emanuel Popolizio, who is here today testifying on behalf of the National Association of Housing and Redevelopment Officials, but unfortunately we are running late.

I want you to know that Mr. Popolizio—known as Wally to his friends—is the Chairman of the New York City Housing Authority. I don't have to tell you that he has a major responsibility indeed. It is by far the largest housing authority in the country, and all of us who have been familiar with its work, deeply appreciate the zeal and concern for the quality of life for his tenants that Wally has brought to the job.

I would also like to note that after him, you will be hearing from John Simon, who is a former Executive Director of the New York City Housing Authority and I think is widely known around the country as a real professional in the public housing field.

Again, my apologies to both of them. My schedule is going to force me to miss their testimony, but I do appreciate their appearance here today.

Mr. **Chapman**. Thank you. I appreciate those comments as well.

Thursday, May 3, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

ANDREW HOLTAN, NATIONAL ENVIRONMENTAL TRAINING ASSOCIATION

Mr. **Chapman**. Mr. Holtan, welcome to the subcommittee. Your statement will be made a part of the record, and I would ask you to summarize your statement and proceed as you will.

Mr. **Holtan**. Mr. Chairman, members of the subcommittee, good afternoon.

My name is Andrew Holtan, and I am presenting this testimony on behalf of the National Environmental Training Association. To support Congress' commitment to the development of a competent national environment work force. During the testimony, I will summarize the status of ongoing training programs, provide an overview of accomplishments, as well as present some recommendations for future program direction.

NETA is presenting an overall environmental work force strategy, and I underline that word strategy. It is designed to complement existing training programs and technical assistance programs as well.

It also looks at the very important issue of pollution prevention, as well as some near term compliance issues that we would alike to address.

NETA is a national not for profit educational and training professional association of, about, and for environmental trainers. We are committed to pollution prevention and compliance through an integrated compliance strategy. This strategy is a blueprint which integrates training and technical assistance with enforcement to improve performance, to prevent pollution, and to achieve compliance.

We also believe that training and technical assistance must be institutionalized and made self-sufficient at the state and local levels. If this is done, we will then be able to develop the work force to recognize and implement pollution prevention opportunities, apply the mandate standards and criteria, and implement appropriate technology.

The state environmental training centers, which were developed under 109(b), are excellent examples of how this institutionalizing and local self-sufficiency can work. These training centers began as waste water training centers, and have evolved into a national network of multimedia training and technical assistance resource centers.

Over the past years, Congress has acted on several recommendations to support environmental training. As a result, we see the state agencies themselves becoming interested and taking similar activities and institutionalizing training, and the EPA has also following Congress' lead. They have begun to establish training advisory committees and to fund training and technical assistance programs.

I would like to address six initiatives, provide a brief statement on the needs and background, and then make some recommendations:

The first initiative is waste water priority training and technical assistance. This project has been funded by this committee on add-ons for a number of years, and it has brought hundreds of plants into compliance, as well as developed a national model for training action plans, which some 39 states are now implementing.

The legacy is the vastly improved training program for both operators and inventory staff.

Our recommendation is to continue to fund this initiative and to continue the process of institutionalizing.

The second area is RCRA integrated training and recreational assistance. Again, a demonstration project that this subcommittee helped to launch, and the states have responded very enthusiastically. Fourteen were selected, and of these, some states, such as Minnesota already obtained commitments for continued funding and staffing to provide the training and technical assistance under this project beyond the term of the grant that they are currently using.

In other states, such as Tennessee, the technical assistance that they have been providing under the guise of RCRA has in fact turned out to be multimedia, pollution prevention type of training. In a recent workshop, the participants agreed wholeheartedly that the planning process itself was very beneficial. It created liaisons between groups who had never heretofore worked together, and it helped to focus attention on priority areas.

We believe that training and technical assistance are critical to implementing an effective multimedia pollution prevention initiative, and we feel that an integrated compliance strategy should be retooled to become an integrated pollution prevention and compliance strategy in order to integrate pollution prevention into the more traditional environmental programs.

Again, we encourage this subcommittee to support this initiative and to upgrade the RCRA training action plans into a pollution prevention implementation planning process.

The third initiative is a pollution prevention training and technical assistance. There is a significant need for planning and cross-media training in order to prepare a regulatory agency staff to be able to recognize multimedia pollution prevention opportunities and to integrate pollution prevention activities into existing programs.

Again, we encourage Congress to allocate funds that would upgrade the waste minimization training initiative to focus on implementation of pollution prevention through training and technical assistance.

The fourth area is the Safe Drinking Water Act. The new amendments have established higher standards and much more stringent criteria. State drinking water agency staff and local health officials are going to require access to specific competency based training and instruction materials focused on these Safe Drinking Water Act amendments.

EPA has an initiative underway, the Water Regulation and Compliance Training Initiative of 1990. That initiative uses the state environmental training centers and economical local resources for development and continued delivery of the state specific training.

Our recommendation is to support the development of the remaining modules to be developed and to assist in the initial delivery of training.

The fifth area is, again, in the Safe Drinking Water Act. It involves comprehensive performance of evaluations and composite correction plans for small water supply systems. Small systems are going to be forced to take a look at the technologies that they don't have at this point, and they are going to be forced to address the problems they have not had to address prior to this, and they have very limited resources to do so. They are going to need help in identifying and prioritizing performance problems that impact water quality.

They are also going to need help in selecting the appropriate technology and technical assistance to address this. The state training centers already provide training and technical assistance of this nature and the 104 project that I described in initiative one. They, consequently, have the capabilities as well as the contacts to assist the state agencies to undertake these evaluations and to help develop these compliance plans.

Our recommendation is that using the 104 program as a model, Congress is encouraged to provide specific funding for the training centers to implement an evaluation and correction planning process.

Last but not least, air quality training and technical assistance. With the passage of the Clean Air Act, the state regulatory agencies and local health officials are going to experience the very same intensive training requirements as those in the drinking water field, and we encourage Congress again to provide the resources to identify and validate competency based need to know criteria in air quality training.

We appreciate the opportunity to testify on these matters. I look forward to working with you on these very critical issues.

Mr. CHAPMAN. Andy, we appreciate your testimony. Thank you for your time today.

Mr. HOLTAN. Certainly.

[The statement of Mr. Holtan follows:]

Statement on Behalf of the
NATIONAL ENVIRONMENTAL TRAINING ASSOCIATION
as Testimony for the
CONGRESSIONAL OVERSIGHT HEARINGS
Concerning Programs of the
U.S. ENVIRONMENTAL PROTECTION AGENCY

Submitted to:
Subcommittee on Housing & Urban Development
and Independent Agencies of the
House Appropriations Committee

Spring 1990

Prepared by:
Government Affairs Committee
National Environmental Training Association

INTRODUCTION

This testimony is presented by the National Environmental Training Association (NETA) to support Congress's commitment to the development of a competent national environmental work force. This testimony:

- summarizes the status of training capabilities developed under currently funded programs;
- provides an overview of accomplishments with those appropriations; and,
- presents recommendations for future program direction.

In this testimony, NETA is presenting an overall environmental work force development strategy. We have prepared this strategy to complement other existing programs, to take maximum advantage of all existing resources. The objectives we present for existing and proposed programs are both immediate and long term. The critical importance of pollution prevention is recognized and emphasized, while programs needed to achieve specific, near-term compliance are also addressed.

NETA is an international not-for-profit educational and professional association of environmental trainers which is supported by member dues, grants, publications and training activities. Environmental trainers provide vocational instruction, technical assistance, and employee training in environmental control and regulation. They are employed by educational institutions, at all levels of government, and in the manufacturing and service industries.

NETA is committed to pollution prevention and compliance through Integrated Compliance Strategies (ICS). The ICS concept provides a blueprint to integrate training and technical assistance with enforcement to improve performance, prevent pollution, and achieve compliance. NETA believes that training and technical assistance must be institutionalized and made self sufficient at the state and local levels. Training and technical assistance are critical in preparing the work force to:

- recognize and implement pollution prevention opportunities;
- apply the mandated standards and criteria; and,
- implement appropriate technology.

State Environmental Training Centers (SETCs), thirty-nine of which were established under Section 109b, are excellent examples of how institutionalization of training and technical assistance can work. Under the 109b program, the SETCs began as state wastewater training centers. In succeeding years, they have evolved into a national network of multi-media training and technical assistance resource centers funded by local and state revenues, training fees, and limited federal assistance.

Over the past several years, Congress has acted upon recommendations to support environmental training at the federal, state and local levels. As a result, significant progress has been made at all levels in the understanding of training as a cost-effective pollution prevention, compliance and management tool. States have demonstrated interest and responsibility by developing comprehensive plans to train a competent state work force to maintain the level of environmental control mandated by the Federal government. The process of institutionalization of training also has begun at the state level, through Congress's funding of planning and technical assistance projects in wastewater and RCRA compliance.

The U.S. EPA has followed Congress's lead with the development of the Office of Technology Transfer and Training, and has established training advisory committees and committed people and additional funding for the technical assistance projects you initiated. The RCRA Integrated Training and Technical Assistance (RITTA) initiative, which Congress mandated and funded, continues to be a top priority within EPA. Traditionally, states mirror the Federal agency in this area. As a result of Congress's past actions, we can expect -- and have already started to observe -- a ripple effect in state agency attention and commitment to training, technical assistance and technology transfer.

* * * * *

STATEMENTS OF THE NEEDS, STATUS OR BACKGROUND, AND RECOMMENDATIONS FOR SPECIFIC PROGRAM AREAS

I

WASTEWATER OPERATOR TRAINING AND TECHNICAL ASSISTANCE

State wastewater operator training and technical assistance programs have made significant progress toward achieving institutionalization and self-sufficiency. These efforts are on-going, but until full independence is reached many state programs will continue to need a level of federal funding.

Congress has invested several million dollars over the last ten years in this effort, using a two-pronged approach toward training personnel at publicly owned wastewater treatment plants.

- o The pilot 104g technical assistance project has brought hundreds of plants into compliance with NPDES permits and the Clean Water Act.

- A national model State Training Action Plan (STAP) was developed, introduced to, and used by state agencies nationwide. Thirty-nine states received direct planning assistance in the process. The resulting programs, based on a state Integrated Compliance Strategy (ICS), have left a legacy of vastly improved, comprehensive training programs for wastewater treatment plant operators and regulatory staff. The programs improved inter- and intra-agency communications with the state regulatory agency, provided training budgets for state environmental control agencies, and led to legislation which guarantees program funding continuity.

Recommendation:

As many states still require funding assistance, Congress is encouraged to continue funding for wastewater operator training under the 104g program at least at the FY90 funding level. This will assure that the state programs and State Environmental Training Centers can continue the process of institutionalization and self-sufficiency.

II

RCRA INTEGRATED TRAINING AND TECHNICAL ASSISTANCE INITIATIVE

The RITTA project, which was funded by Congressional add-on funding in 1987 to develop RCRA State Training Action Plans (STAPs) and technical assistance, is proving to be even more successful than the earlier wastewater initiative. Fourteen states received state RITTA project grants to develop and implement STAPs. The states responded enthusiastically, establishing state training advisory committees, identifying training needs for state regulatory staff and the regulated community, identifying existing capabilities and establishing STAPs on how priorities will be financed.

Although the project has another year to go, some states -- such as Minnesota -- have already secured commitments from their state agencies to provide positions and funding to continue the training and technical assistance beyond the project term. All participating states have implemented technical assistance programs. In many cases -- for example Tennessee -- the program developed has proved to be a multi-media, pollution prevention program which reduces waste streams of all types. Tennessee's program is already being transferred to other states.

A recent workshop for the project participants highlighted some of the benefits of the RITTA project:

- The project planning process itself is very beneficial in identifying previously unknown training and technical assistance resources;
- it creates liaisons among agency personnel who have not worked together prior to the project; and,
- the resulting coordination and documentation of training and technical assistance needs focuses attention on priority areas.

Training and technical assistance are critical to implementing an effective multi-media pollution prevention initiative. The ICS concept must be re-tooled into a new "Integrated Pollution Prevention and Compliance Strategy (IPPCS)," to integrate pollution prevention into the more traditional environmental programs of wastewater, water, air, and solid and hazardous wastes.

Recommendations:

Congress is strongly encouraged to designate that FY90's add-on funds for RITTA, none of which has been dedicated yet for any specific activity, be used to upgrade the RCRA RITTA planning process to start re-focusing efforts toward the development of a Pollution Prevention Implementation Plan. This should include a field test of the concept in one of the existing RITTA states.

III

POLLUTION PREVENTION TRAINING AND TECHNICAL ASSISTANCE

There is a significant need for planning and cross-media training, to prepare state regulatory officials to recognize multi-media pollution prevention opportunities, and to integrate pollution prevention activities into local, state and federal environmental programs.

The RCRA Integrated Training and Technical Assistance (RITTA) Project, which is still underway in fourteen states, has demonstrated that the planning process for training and technical assistance for just this one area has unearthed potential benefits that reach far beyond the single media for which the Project was originally designed. The planning undertaken in many of the RITTA states surprisingly has achieved multi-media pollution prevention through waste reduction and front-end pollution prevention.

In preparing the State Training Action Plans, many states have been successful in identifying resources and coordination opportunities that were heretofore unrecognized. In working with these resources the need was highlighted, and potential capabilities demonstrated, for field inspectors and technical assistance personnel in specialized areas to recognize pollution prevention opportunities outside their own areas of responsibility.

Some of the state RITTA programs, most significantly that in Tennessee, identified this potential early in their planning and broadened their programs and adjusted their planning to account for multi-media waste streams. This suggests that the experiences of the successful RITTA program should be broadened and re-tooled, in its future phases with additional pilot states, into an overall pollution prevention training and technical assistance project.

Recommendation:

Congress is encouraged to allocate additional funds for a new effort to upgrade the RITTA waste minimization and training action plans to focus on the implementation of pollution prevention through training and technical assistance. The objective will be to institutionalize pollution prevention implementation at the state and local levels.

IV

SDWA - WATER REGULATIONS AND COMPLIANCE TRAINING

New amendments to the Federal Safe Drinking Water Act establish higher standards and more stringent criteria for public water supply systems to achieve compliance. The burden of implementing the federal supervisory program for public water supply systems ultimately settles upon state drinking water regulatory field staff and local health officials.

To meet their responsibilities and assure the competency of those charged with providing regulation and monitoring oversight, state drinking water offices will require access to specific, competency based training and instructional materials focused on the SDWA amendments. Instructional materials will need to be modular, with modules addressing specific water quality problems. This is necessary because the specific statewide and local water quality problems, and the resulting training needs, vary so widely from state to state. However, modules will be needed to cover all of the major problems.

Using add-on funds approved by congress last year specifically for technical assistance by State Environmental Training Centers (SETCs), EPA is planning to initiate this effort through the Water Regulations and Compliance Training 1990 Project (WRCT90), which will be developed through the SETC network. Funds are available, however, only to identify and develop about half of the training modules needed. Funding is not available for developing the remaining modules, nor for field testing and initial delivery of the program to introduce it to the state drinking water offices. The SETCs are an economical local resource for the continued delivery of state-specific training after its introduction.

Recommendation:

Congress is encouraged to support the development of the remaining training modules needed to train state drinking water regulatory field staff and local health officials in the SDWA amendments. Further, Congress is requested to provide support for the direct delivery of the initial, introductory training to the targeted state and local officials, to assure that the program is introduced and institutionalized nationally.

V

SAFE DRINKING WATER ACT: COMPREHENSIVE PERFORMANCE EVALUATIONS AND COMPOSITE CORRECTION PLANS FOR SMALL WATER SUPPLY SYSTEMS COMPLIANCE

Under the new Safe Drinking Water Act amendments, a very large number of primarily small community water supply systems will be unable to determine what they will need to do to come into compliance. They will require more complex treatment technology than they will be able to develop within their current resources. To address this problem, small systems will need help to:

- identify and prioritize performance problems which directly affect water quality, and
- select the appropriate technical assistance and resources which address their priority water quality problems.

These needs can be met through Comprehensive Performance Evaluations (CPE) and Plans (CCP). The CPE is an evaluation and analysis of performance problems, including financial considerations, prioritized by their impact on water quality. The CCP arises out of this evaluation, as the plan to solve the problems.

State Environmental Training Centers (SETCs) train operators, local officials, and state regulatory staff. Many SETCs currently are providing a form of CPE and CCP technical assistance under the 104g program. Further, most SETCs have existing rapport with all the groups potentially involved, and they have the technical capabilities to conduct the evaluations. Most SETCs also have the capability through their training advisory committees, or can draw on other state and community resources, to develop the plans and to coordinate the technical assistance required to help bring small water plants into compliance.

Recommendation:

Using the 104g program as a model, Congress is encouraged to provide specific funding for State Environmental Training Centers to conduct CCE's and assist in developing CCP's for small water plants, to identify and correct the most critical problems affecting water quality.

VI

AIR QUALITY TRAINING AND TECHNICAL ASSISTANCE

With the passage of the Clean Air Act, state regulatory and local health officials will experience the same intensive training requirements as those in the drinking water field, described earlier in this testimony.

State resources for the development and delivery of training for state and local regulatory personnel in the area of air quality are as limited as those available for water quality. The multiple demands upon many states for simultaneous improvements in different environmental media, as mandated by federal law, only complicate the already difficult problems the states face in achieving compliance. As with water quality training, state and local needs vary, suggesting that modular training materials can be developed most effectively at the national level. As in the case of the water quality instructional materials development and delivery project discussed separately, the network of SETCs is uniquely qualified to design and deliver the state specific training.

Recommendation:

Congress is encouraged to fund efforts to identify and validate the competency-based "need-to-know" criteria for air quality training, and for the development of a training guide to identify the needed course modules. This will allow the identification of the funding resources needed for the development of the full program, which is difficult to estimate at the present time.

* * * * *

The National Environmental Training Association appreciates the opportunity that Congress has provided us to testify on these matters. We look forward to working with you, to address these critical work force development areas, which are so vital to achieving our national environmental quality goals.

THURSDAY, MAY 3, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

ARTHUR W. SAARINEN, WATER POLLUTION CONTROL FEDERATION

Mr. **CHAPMAN**. Mr. Arthur Saarinen.

Let me tell all of our witnesses, your complete statements will be made part of the record. I want everybody to have an opportunity to present their testimony. If we can summarize and maintain the allocated time schedules, we would appreciate it.

Mr. **SAARINEN**. Thank you, Mr. Chapman. I will summarize the key point of my testimony, which I would like to present at this point.

Mr. **CHAPMAN**. Thank you, sir.

Mr. **SAARINEN**. My name is Arthur Saarinen, Jr., a Senior Vice Persident of Camp, Dresser, and McKee, which is an international consulting firm. I am here today as President of the Water Pollution Control Federation, and representing that organization.

The Water Pollution Control Federation, or WPCF, as we are more commonly known, is a not for profit educational and technical organization devoted to leadership and guidance in the preservation and enhancement of water quality worldwide. We were founded in 1982 and we have over 35,000 members. Briefly, we are the professionals who must implement whatever water pollution programs are enacted by federal, state, and local governments.

WPCF supported the provisions of the Water Quality Act of 1987 which phased out the construction grants program in favor of a new and innovative idea—the State Revolving Fund, or SRF. This fund, to be capitalized by the Federal Government, would allow a state to make loans to its own municipalities for waste water treatment plant construction, and other water quality projects.

However, the SRF program is struggling. The most serious problem is the lack of promised capitalization funding. The Water Quality Act authorized $8.4 billion for the SRF program between FY '89 and FY '94. However, the program has yet to be funded at the authorized levels, and if the President's budget request is enacted, the loan program will fall $1.2 billion behind authorized levels. If the current rate of appropriations continues, many states will not have sufficient funds in their revolving fund to adequately meet the priority needs—that is the secondary treatment—much less other significant water quality needs. As with any financial capitalization, a critical pass must be reached before the SRFs are available and can begin to make loans.

In addition, funding for construction grants between FY '87 and '90, fell $1.2 billion short of authorized levels. This shortfall becomes significant when you compare it to the $83.5 billion of water quality needs which EPA identified in its 1988 needs survey.

It has become apparent that the transition from federal to state responsibility has been anything but orderly. Even if Congress appropriates funding at the authorized level through FY '94, the shortfall during the previous years, combined with the growing disparity between appropriated levels and actual need will jeopardize the intent of the 1987 Act.

WPCF, therefore, supports funding the SRF program at the authorized level between FY '91 and '94, and urges that additional money be allocated to make up for the shortfall in waste water facility construction funding since FY '87. WPCF believes that unless the full $18 billion funding commitment is met, the nation stands to lose some of the investment in waste water treatment facilities it has made over the last 20 years.

In addition to waste water treatment construction, another major funding dilemma looms on the horizon—combined sewer overflow, or CSO. Combined sewers are found in some 1,200 mostly older cities across the nation. They carry both rain water and raw sewage. During periods of wet weather, the combined sewer will bypass treatment facilities and discharge directly into receiving waters, and this is certainly having an adverse impact on water quality.

However, controlling CSOs will be very expensive. Estimates range from $20 billion to $200 billion, and because the cost may be borne by the relatively few affected municipalities, they could face significant financial hardships. Recognizing that municipalities must bear the primary responsibility for funding CSO controlled initiatives, WPCF supports some type of federal financial assistance to help municipalities address their CSO problems.

I would like to briefly mention several other water quality initiatives:

The first is section 319 nonpoint source management program. Many pollution water control professionals believe that until nonpoint sources of pollution are addressed, especially in the rural areas, further improvement in water quality will be hindered. These funds could be very helpful in instituting incentives and management practices aimed at substantially reducing contaminated runoff from agriculture, mining and other activities.

Given the importance of controlling nonpoint source pollution, WPCF supports funding the nonpoint source program at a higher level than the President has requested. In determining an appropriate level of funding, the subcommittee should consult with state governments.

Secondly, adequate funding must be provided for state management assistance programs. Planning enforcement, permitting and monitoring requirements under the Water Quality Act have more than doubled the funding needs for section 106 management programs.

Finally, I would like to call the attention of the subcommittee to an effort which the Water Pollution Control Federation has undertaken in the area of water pollution research. Recognizing that action had to be taken if we were to meet our nation's waste water treatment research needs, WPCF established the Water Pollution Control Federation Research Foundation.

The foundation has proposed to Congress a new cooperative, cost sharing partnership between the waste water industry and EPA in support of this effort, a proposal which has received favorable attention from a number of members of Congress.

In conclusion, many groups will come before your subcommittee requesting additional money for many programs. WPCF recognizes what a difficult task the subcommittee faces in allocating a dwindling supply of federal funds for a growing list of environmental needs. While the subcommittee has fared better under the President's budget request and the Budget Committee's 302(b) allocation than in recent years, the increases in the requested and allowable amounts do not come close to matching the actual needs.

This concludes my testimony, and I certainly appreciate the opportunity to appear before you on behalf of the Water Pollution Control Federation, Mr. Chairman.

Mr. CHAPMAN. Arthur, I appreciate your testimony. I take it you came here from Florida for these purposes, making that long journey. We appreciate your taking your time to present this before the subcommittee today. Thank you very much.

[The statement of Mr. Saarinen follows:]

Water Pollution Control Federation

601 Wythe Street
Alexandria, VA 22314-1994
(703) 684-2400
FAX (703) 684-2492

STATEMENT OF

ARTHUR W. SAARINEN, JR.

PRESIDENT, WATER POLLUTION CONTROL FEDERATION

BEFORE THE

SUBCOMMITTEE ON VETERANS, HUD, & INDEPENDENT AGENCIES

APPROPRIATIONS

HOUSE APPROPRIATIONS COMMITTEE

HEARING ON THE EPA FISCAL YEAR 1991 BUDGET

May 3, 1990

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TESTIMONY OF ARTHUR W. SAARINEN, JR.
ON BEHALF OF THE WATER POLLUTION CONTROL FEDERATION
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE
MAY 3, 1990

Good afternoon. My name is Arthur W. Saarinen Jr., and I am a Senior Vice President of Camp Dresser & McKee, an international engineering consulting firm. I come before you today as President of the Water Pollution Control Federation (WPCF). The Foundation is a non-profit educational and technical organization devoted to leadership and guidance in the preservation and enhancement of water quality worldwide. Founded in 1928, the Federation has over 35,000 members. These members include civil and environmental engineers, scientists, wastewater treatment plant operators and managers, and others working in state and local government, federal agencies, academia, and private practice. In short, we are the professionals who must implement whatever water pollution programs are enacted by federal, state, and local governments.

As the 1990s begin, we are entering a new era of environmental awareness. At the same time the role of the federal government in water pollution control is changing. WPCF, which has traditionally focused on point source treatment of wastewater and the design and operation of treatment facilities, recognized in the early 1980s that this change was coming and that greater responsibility for funding wastewater treatment facility construction, as well as enforcement of some water quality mandates, must be assumed by state and local governments. Therefore, we supported the provisions of the Water Quality Act of 1987 which phased out the construction grants program in favor of a new and innovative idea -- the State Revolving Fund (SRF). This fund, to be capitalized by the federal government, would allow a state to make loans to its own municipalities for wastewater treatment plant construction and other water quality projects. When these funds were paid back, the state could then make loans to other municipalities.

However, the SRF program is struggling. The most serious problem is the lack of promised capitalization funding. The Water Quality Act authorized $1.2 billion for the SRF program in Fiscal Year (FY)89, $1.2 billion in FY90, $2.4 billion in FY91, $1.8 billion in FY92, $1.2 billion in FY93, and $600 million in FY94. Despite these authorized levels, less than $1 billion was appropriated in both FY89 and FY90, and the President's budget only calls for $1.6 billion in FY91. So as this subcommittee looks toward appropriations for FY91, the SRF program already is

$400 million below authorized levels. If the President's budget request were to be enacted, the loan program would fall $1.2 billion behind.

If the current rate of appropriation continues, many states will not have sufficient funding in their revolving fund to adequately meet priority needs, i.e. secondary treatment, much less other water quality needs. As with any financial capitalization, a "critical mass" must be reached before the SRFs are viable and can begin to make loans.

In addition, actual funding for construction grants between FY87 and FY90 fell short of authorized levels. Of the $9.6 billion authorized, only $8.4 billion was appropriated. While this $1.2 billion shortfall may not seem overwhelming when compared to the authorized levels, it does become significant when you compare this shortfall to the $83.5 billion worth of water quality needs which EPA identified in its 1988 Needs Survey.

The Water Pollution Control Federation supported the authorized funding levels in the Water Quality Act because they represented an orderly, phased approach to transferring primary financial responsibility from the federal to state and local governments. But now, three years after enactment of the new funding regime, it is apparent that the transition has been anything but orderly. Even if Congress appropriates funding at the authorized level through FY94, the shortfall during the previous years combined with the growing disparity between appropriated levels and actual needs will jeopardize the intent of the 1987 Act.

WPCF therefore supports funding the SRF program at the authorized levels between FY91 and FY94, and urges that additional money be allocated to make up for the shortfall in wastewater facility construction funding since FY87. If this is done, total funding for wastewater facilities construction, including grants and SRFs, would terminate in FY94 at the $18 billion level which was envisioned by Congress and the states during the formation of the Water Quality Act. Let me emphasize that we are not asking for more money. We are merely requesting the level of funding which Congress agreed to provide.

WPCF believes that unless the full $18 billion funding commitment is met, the nation stands to lose some of the investment in wastewater treatment facilities it has made over the last 20 years. As Chairman Traxler stated in a recent letter to Public Works and Transportation Committee Chairman Glenn Anderson, many of these facilities are nearing the end of their projected life and will need extensive upgrading or rebuilding. Unless adequate funding is available, we will see a stagnation in water quality improvement, and perhaps even a decline in the level of water quality which we have all worked so hard to achieve.

In addition to wastewater treatment facility construction, another major funding dilemma looms on the horizon: combined sewer overflows (CSOs). Combined sewers are found in some 1200 mostly older cities across the nation. They carry both rainwater and raw sewage. During periods of wet weather, the combined sewer will bypass treatment facilities and discharge directly into receiving waters. This is having an adverse impact on water quality, and there is an acknowledged need to bring CSO discharge points into compliance with federal water pollution laws.

However, this will be very expensive. Estimates for correcting CSOs range from $20 billion to $200 billion. The cost to a municipality for controlling its CSOs could be ten times greater than the cost it incurred for achieving secondary treatment. And because the cost may be borne by the relatively few affected municipalities, they could face significant financial hardships. In testimony before Congress prior to passage of the Clean Water Act of 1972, then-EPA Administrator William D. Ruckelshaus urged Congress not to include CSOs for construction grants eligibility because the nation could not afford it. That assessment of the magnitude of the problem remains just as valid today.

Recognizing that municipalities must bear the primary responsibility for funding CSO control initiatives, WPCF supports some type of federal financial assistance to help municipalities address their CSO problems. Even using conservative estimates, municipalities alone will not be able to pay for CSO controls, and the SRF program is currently not adequate to provide sufficient funding.

I would like to briefly mention three other water quality programs for which WPCF believes that adequate funding is vital. Two of these are mandated by the 1987 Act, and one is a WPCF initiative.

The first is the Section 319 Nonpoint Source Management Program. We commend the Bush Administration for requesting $14.25 million, which is the first time a President has requested funding for this program; however, it is still far below the $130 million authorized under the Clean Water Act. Many water pollution control professionals believe that until nonpoint sources of pollution are addressed, especially in rural areas, further improvements in water quality will be hindered. These funds could be very helpful in instituting incentives and management practices aimed at substantially reducing contaminated runoff from agriculture, mining, and other activities. These rural nonpoint sources particularly affect groundwater aquifers, which supply 95% of the drinking water needs in rural areas. Speaking from a technical point of view, it is much easier to prevent groundwater contamination than to restore degraded aquifers.

Given the importance of controlling nonpoint source pollution, WPCF supports funding the Nonpoint Source Program at a higher level than the President has requested. The program should be funded at a level sufficient for EPA and the states to fully implement this plan. In determining an appropriate level of funding, the subcommittee should consult with state governments.

Secondly, adequate funding must be provided for State Management Assistance Programs. Planning, enforcement, permitting, and monitoring requirements under the Water Quality Act have more than doubled funding needs for Section 106 management programs. Unfortunately, federal funding has not kept pace with these increases in mandated responsibilities. **WPCF supports $140 million for Section 106 and a full appropriation for the municipal wastewater treatment program under Section 205(j).**

Finally, I would like to call the attention of the subcommittee to an effort which the Water Pollution Control Federation has undertaken in the area of water pollution research. Recognizing that action had to be taken if we were to meet our nation's wastewater treatment research needs, WPCF established the WPCF Research Foundation. The purpose of the Foundation is to conduct basic and applied research on new and innovative wastewater treatment technologies. Funding will be derived from a subscription-based funding mechanism whereby municipalities contribute to the Foundation based on their size. The Foundation is also proposing to Congress a new cooperative cost-sharing partnership between the wastewater industry and EPA in support of this effort, a proposal which has received favorable attention from a number of Members of Congress, and the Foundation is working with the authorizing committee to draft authorization language for this proposal.

In conclusion, Mr. Chairman, many groups will come before your subcommittee requesting additional money for a myriad of programs. WPCF, in expressing its concerns, recognizes the difficult task the subcommittee faces in allocating a dwindling supply of federal funds for a growing list of environmental needs. While the subcommittee has fared better under the President's budget request and the Budget Committee's 302(b) allocation than in recent years, the increases in the requested and allowable amounts do not come close to matching the actual needs.

While it is important to prioritize all federal programs on the basis of need and appropriateness, it also is important to prioritize different environmental programs according to the total impact on public health and the environment. WPCF believes there is too much attention and too many resources focused on environmental programs which provide too little in return for our investment, in terms of improving environmental quality and public health. In essence, we are not getting enough bang for our environmental buck.

WPCF believes both the appropriating and authorizing committees should reassess how we are spending our environmental funds. As each federal dollar dedicated to environmental quality and public health becomes harder to come by, getting the most benefit out of that dollar will become increasingly important.

This concludes my testimony. I would be happy to answer any questions you may have.

THURSDAY, MAY 3, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

KEVIN COOPER, M.D., AMERICAN ACADEMY OF DERMATOLOGY

Mr. CHAPMAN. Dr. Cooper, I appreciate your joining the subcommittee today, and again, we will certainly make your full statement part of the subcommittee record. It will be put in the record. Summarize your comments, please.

Dr. COOPER. Thank you, Mr. Chapman.

I am here to represent the American Academy of Dermatology, which is a group of dermatologists which represents most of the dermatologists in the country, and also the Society for Investigative Dermatology, which represents scientists from many disciplines who are working on the skin.

I am here to call your attention to the adverse impacts of UV light on human health. My own personal research is in UV effects on human immunosuppression, and I can give you a firsthand account of what it is like to try and get various agencies with uncoordinated approaches to look at the effects of UV light on human health and the lack of any kind of coordination there.

We, as the Academy of Dermatology, and the Society for Investigative Dermatology, support the EPA's stratospheric ozone depletion program, and its attempts to restrict pollutants that lead to ozone depletion and further research that they support, looking at UV health effects.

As I am sure you are aware, the ozone is responsible for filtering out the harmful UVB rays that come from the sun, and that CFCs, as they rise into the atmosphere, catalyze the destruction of the protective ozone shield, and that results in increased UVB in the earth's atmosphere. There was a recent article in Science Magazine in which they were making measurements from the top of a mountain in Switzerland, where there is very little problem. They have been able to solve some technical problems. They are able to show now over the last decade there has been about a one percent increase per year in UVB reaching the earth, and that corresponds to a three to four percent decrease of ozone in that area. That is a northern latitude problem which should be the same for us.

As you know, the ozone hole in the Antarctic is much bigger. But I think the problem is now coming here to North America. The impacts of increased UV light on the skin are many and have impacts for the general health. Skin cancers, skin aging, cataracts, immunosuppression, which may lead to vaccine program failures and increase in infectious diseases, such as AIDS and leprosy, and leishmaniasis, which I will talk about a little bit more and expand on in my testimony.

The costs have been summarized by EPA, and these costs are astounding. If CFCs are unrestricted, by the year 2057, there would be 304 million additional non-melanoma skin cancers. This would be the common basal cell carcinoma and the carcinoma like the kind President Reagan had taken off his nose, and 1.8 million additional cutaneous malignancies with approximately eight million attendant fatalities from the two groups.

This has been estimated by EPA to be somewhere between $80 and $468 trillion 1985 dollars if no restrictions are applied and cataracts would be another $7 billion in 1985 dollars. This doesn't include anything on what actinic keratoses—which I think almost everybody gets by the time they reach nursing home—and that study has been done, and it doesn't include estimates on the cost to society of immunosuppressive effects.

These immunosuppressive effects play a role in the skin cancers, the increase in skin cancer, which has been going up phenominally over the last decade, probably in large part due to people are already exposing themselves to more VB by reduced clothing, more people living in the South, going into tanning parlors, and things like that.

So the experiment has been done. What will happen to us if we get more UV? We have done that as a nation, and we have a seven percent increase annually in melanoma, and very marked increases—it is not good data for the other skin cancers—but they are very much on the rise as well.

These cancers are, in addition to being disfiguring, people who get them will get many more, and they can be quite mutilated by the time they get into middle or late age. The malignant melanoma in particular, has a very significant mortality if not detected very early, and metastasizes to various areas, and it is not curable.

One of the things I would like to call attention to is the effect, the potential effect on immunosuppression. We are just beginning to get a sense of what the potential public health impact of that would be. Increased immunosuppression could lead to vaccine failures that could have Third World impact as well as United States impact.

Also, in combination with global warming and infections of the skin, infections such as leprosy and leishmaniasis and other things that are insect infectors can move into the southern United States, already indigenous in LA and Oregon, where we have leprosy from the Southeast Asian people. That could again become a problem. UVB could cause dissemination of some of these organisms.

I will just summarize and say the academy and the SID are in front of the stratospheric ozone projects that have been done and their attempts to prioritize what to do in human health, and in the Office of Research and Development also, which has funded some of these projects, but most of the money has gone to various types of UV effects, and only a limited amount of money had gone into health effects.

I want to thank you for your time and call your attention to those issues.

Mr. **Chapman**. I appreciate it very much.

I am fascinated by the statistics that are in your testimony as well as your statement. They show an alarming increase in the incidence of this problem, and I appreciate your testimony in support of EPA studies, and I appreciate your insight from the standpoint of our position in this problem.

I appreciate very much your appearing before the subcommittee today. Thank you, Doctor.

[The statement of Dr. Cooper follows:]

TESTIMONY
OF THE
AMERICAN ACADEMY OF DERMATOLOGY AND
THE SOCIETY FOR INVESTIGATIVE DERMATOLOGY

Mr. Chairman:

I am Kevin Cooper, M.D., Assistant Professor and Director of the Immunodermatology Unit, University of Michigan, Department of Dermatology.

The American Academy of Dermatology (AAD) and The Society for Investigative Dermatology (SID) support the Environmental Protection Agency in its efforts to reduce pollutants which result in ozone depletion in the stratosphere. We feel increased funding for EPA's Stratospheric Ozone Projects is critical for minimizing the adverse health effects of UVB in sunlight.

There is overwhelming evidence indicating that the skin and eyes are damaged in many different ways by their direct exposure to natural or artificial ultraviolet radiation (UV), in particular, UVB. Solar electromagnetic radiation in the UVB wavelengths is significantly filtered by a thin layer of ozone in the Earth's stratosphere. Recent measurements in Northern latitudes indicate that UVB has been steadily increasing at a rate of 1% a year over the last decade, corresponding to a 3-4% decrease in stratospheric ozone in the Northern Hemisphere over this time period. Antarctica, in particular, has experienced UV radiation levels at the Earth's surface that are far in excess of those which prevailed prior to the present decade, and which correlate with an enlarging ozone defect over the South Pole. The decreases in ozone are attributed to steadily increasing concentrations of man-made chlorofluorocarbons (CFCs) and halones, which are used in aerosols, refrigerants, and other industrial products, as well as nitrous oxide, a byproduct of internal combustion engines, industrial processes, and microbial activity. These remarkably stable chemicals rise to the stratosphere where they catalyze the destruction of the ozone shield which protects us and other living things from the damaging effects of the sun's UVB radiation. These reactions will be accelerated by global warming of the atmosphere.

UVB is clearly linked to a variety of adverse health effects, including skin and eye cancers, cataracts, premature aging of the skin and eye (pterygium and photokeratitis), and suppression of the immune system. This increase is more likely related to increased UV exposure due to societal changes resulting in increased time outdoors, reduced clothing, and by a shift in the population from the northern U.S. to the southern climates. However, the increased incidence of cancer clearly documents an easily detectable adverse health effect of an increase in human UV-exposure. Over and above the already accelerating levels of skin cancer, increased UVB in sunlight as a result of ozone depletion is predicted to cause even further significant morbidity, mutilation, and mortality from skin cancer. Marked increases in the frequency of skin cancer in the U.S. have occurred over the past decade. This includes a 7% annual increase in cutaneous malignant melanoma, a deadly skin cancer which, if not detected very early, spreads to other organs, in particular, the liver, brain and in the skeleton. The disease is incurable and lethal at this stage.

EPA estimates that, if CFCs are unrestricted, there would be 306 million additional non-melanoma skin cancers in the U.S. and 1.8 million additional cutaneous malignant melanomas, with approximately 8 million attendant fatalities from the two groups. In addition to the resultant human pain and suffering, these additional cases would entail a cost of $80-468 trillion 1985 dollars. The additional cataracts would cost another $7.2 billion 1985 dollars. Estimates are not available on the cost of additional actinic keratoses which is also likely to be quite large. Nor are estimates available on the costs to society of immunosuppressive effects, such as new diseases, vaccine program failures, or increased virulence of current infectious diseases such as AIDS or herpes.

In addition to induction of skin cancer and cataracts, chronic UV radiation also leads to degenerative changes which are commonly perceived as skin aging, but are due to chronic photodamage. The skin is a major site of immunologic activity, and UVB is capable of affecting the systemic immune response via its effects on the skin. This UVB-induced immune suppression appears to play a role in the pathogenesis of skin cancer, blocking effective immunity against infectious diseases, and in interference with vaccines administered through the skin. UVB-induced immunosuppression also plays a significant role in autoimmune diseases, such as systemic lupus erythematosus. Thus, the costs and negative impact to our society of increasing UVB make it imperative that Congress adequately support EPA's Program to restore and protect stratospheric ozone.

In addition to supporting EPA efforts in reducing pollutants which lead to ozone depletion, the American Academy of Dermatology and The Society for Investigative Dermatology also support Congressional funding of EPA's Research and Development efforts to define the biological effects of these pollutants, including UVB health effects. Optimistic scenarios for the future predict only a reduction in the rate of thinning of the ozone layer. Increasing UVB in sunlight at the Earth's surface is therefore very likely, making it imperative that more data be gathered so that the effects of increasing UV exposure on humans can be understood. We would thus be able to avoid being "blind-sided" by surprise adverse health effects, and could develop effective adaptive and protective strategies for the year 2000. Compliance worldwide with the stringent Helsinki 1989 agreement would result in a complete phase-out of CFCs and halones by 2000, and a gradual return to current ozone levels. However, as discussed at a recent workshop of the U.S.-FRG-Dutch Cooperative Environmental Research Program on

Stratospheric Ozone Depletion, it was clear that a number of major countries with developing industrial bases have not been convinced to even sign and ratify the less stringent 1987 Montreal Protocol Treaty, which modestly restricts production and consumption of only CFCs. The Montreal Protocol, as currently defined, is not sufficient to protect the ozone layer, even with complete compliance. Thus, we are faced with the strong likelihood of continued increases and concentrations of UVB in our sunlight. It is imperative that our society understand the consequences of such a situation, in order to develop adaptive responses and public health policies, and in order to proactively deal with the adverse health consequences of increased UVB radiation. Furthermore, research demonstrating adverse health effects with negative economic impacts on lesser-developed countries is needed to convince them to comply.

Research is needed on several fronts:

> First, we need to better understand the basic biological and immunological events that occur in exposed tissues such as the skin and eye after UV exposure. Research in this area has already helped the EPA Stratospheric Ozone Program quantify some of the costs to society of unregulated CFC use. Continued knowledge acquisition will help us identify further problem areas and help us design strategies to reduce skin cancer risk, cataract formation, and other forms

of skin and eye photodamage.

Second, much more information is needed to quantify the magnitude of the public health risk of immunosuppression from increased UV levels. What is the degree of immunosuppression in humans? Does pigmentation or sunscreen use protect against immunosuppression or not?

Preliminary basic research investigations on UV effects on serious infections which involve the skin already suggest that UV may worsen an individual's ability to control mycobacterial infections such as leprosy, parasites such as leishmaniasis, yeasts, such as candida, and viruses such as herpes and AIDS. While subtropical infections are currently not a major problem in our country, several factors may change that situation.

Global warming may provide a climate in the southern U.S. more conducive to leprosy, and also allow leishmanial or malarial insect vectors to move northward into the Southern U.S. Infection among low-income populations with delayed access to medical care may allow establishment of these diseases in the U.S. Furthermore, vaccine programs may be jeopardized by incomplete understanding of UVB effects on skin immune responses important for proper development of immunity.

The worldwide implications of these areas may be relevant in converting non-signatory nations to signatories. However, because so little is known, it is impossible to make cost estimates of the UVB impact on skin immune system suppression. Research and Development money earmarked for study in these areas is sorely needed.

The EPA has positioned itself to be an effective force in the effort to define effects of increased UVB. EPA has identified high priority research areas and has supported preliminary studies on immune effects. An active and sustained extramural program in UVB, complementary to EPA intramural researchers, would allow the EPA to continuously avail itself of new thought and technology drawn from the research community as a whole. Expansion and maintenance of expertise in photobiology within and without the EPA is critical to the fulfillment of the EPA mission to define the problems and adapt the U.S. population to the adverse health effects of increased UVB.

The continuation within the EPA of a dedicated, active extramural and intramural research and development effort into the biological effects of increased UVB is therefore an important priority and should receive the support of the Congress and the Administration. The AAD and the SID recognize that environmental change threatens to create a serious health problem for the U.S. population. The AAD and the SID support the EPA as an entity extremely well positioned to coordinate efforts to understand the nature of the effects of these global atmospheric changes, publicize these potential effects, and ultimately design adaptive and protective measures to protect the U.S. population from the substantial adverse health effects of increased UVB.

The dermatologic community itself is already quite active in these areas. The American Academy of Dermatology has a highly regarded campaign on sunlight avoidance, and for the past 5 years nearly 3,000 dermatologists have volunteered their time to administer the annual National Melanoma/Skin Cancer Detection and Prevention screening clinics throughout the country, in an effort to educate the general public and identify early skin cancers at a curable stage. Twenty-one thousand, three hundred sixty-eight suspected cancers and 21,887 precancerous lesions have been identified through this program. The Dermatology Foundation has helped train 65 young investigators in cutaneous biology to develop careers in photobiology.

However, UVB damage control requires much more than the resources of the dermatologic community, and enforcement of CFC and halone restrictions requires not only efforts by EPA, but also support by the public, medical groups, FDA, and industry. The entire effort requires coordination and support of Congress and the Administration.

In conclusion, increased funding for the EPA Stratospheric Ozone Projects is critically needed in order to minimize the adverse health effects of exposure to increased UVB in sunlight. Also critical is funding of research and development efforts aimed at understanding the increased adverse health effects of global changes; educating other countries and our own population; and developing adaptive measures to protect the world's population.

THURSDAY, MAY 3, 1990.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

TOM SEGALL, STATE OF MICHIGAN DEPARTMENT OF NATURAL RESOURCES

Mr. **CHAPMAN**. Tom Segall.

Mr. **SEGELL**. Good afternoon.

Mr. **CHAPMAN**. Good afternoon. We will make your statement a part of the record and invite you please to proceed in your own fashion of summarizing.

Mr. **SEGELL**. Well, thank you very much.

I appreciate very much the opportunity to speak to you this afternoon. I am Tom Segall, a State Geologist for the State of Michigan, in charge of oil and gas there, but today, I am representing 43 member states of the Underground Injection Practices Council, and I am speaking today regarding the Underground Injection Control Program, within the Safe Water Injection Act, which is regulated by the Environmental Protection Agency, and through our member states.

I think that the testimony speaks for itself. I am not going to read through the testimony. There are a few points I feel I have to make, so you can understand our concerns. At the very beginning of the program here, of the Underground Injection Control Program, the emphases by EPA were on industrial waste disposal wells, oil and gas disposal wells, solution mining, injection wells—what we call class I, class II, and II wells—and rightly so.

We knew where those wells were, but there were almost 400,000 of these wells, and with the amount, the partnership with the states and the EPA, even with a level of funding that was available, I think even at this date, we are talking about $30 per inspection of a well, and I think you can see that you literally can't inspect a well for $30 each. However, the advantage we had in those systems, in that situation, was in fact we knew where those wells were, and the main part of that program still has emphasis on those type of wells.

Now, EPA is starting to move into an area of Class V wells, and these wells are any hole in the ground that is deeper than they are wide, and they are mainlining conduits to allow any kind of contaminants to reach directly into the drinking water sources. I brought some folders just to give you an example so that you have an idea of what we are talking about.

These types of wells that they look like, there are literally millions of these across the country, and this happens to be from a service station, where they pour their used oils down the drain, and this particular drain does not go into a sewer, it goes straight down to the drinking water source. I have provided you with some information that we put out regarding Class V wells and examples of Class V wells to tell you that it is an unbelievable problem that is facing us.

The states believe that we have to work with the local units to solve this particular problem, but the problem in addition to that, is that we have moved off, we are focusing efforts from a program we feel we have in good control in Class I, II, and III wells, to a class V program that we are talking literally millions of wells where we don't even know where they are, where we have to go out there, with the help of public and volunteers and local government, to go out and inventory them and then educate the local government on how to properly mange these types of wells.

Well, I think you can see if we are moving from a $30 inspection per well to a program now with millions of wells, the money that is available, the same level money available is not going to do the job, and we have been at a level of $11 and a half million a year for the Underground Injection Control Program grant program, and we would like to see the level go up to the authorization amount of approximately $19 million.

We think that we will be able to do an effective job there. So the member states would ask you to consider that so we can get on with doing our job, and tackle this Class V problem.

Mr. CHAPMAN. This money moves to the states presumably via EPA, but how do you actually get phased in, say in Michigan. How do you actually get the resources from EPA?

Mr. SEGELL. Michigan does not happen to be one of the states that has primacy. We are a direct allocation state, but we work with EPA. Other states, what they do, they ask for annual grants from EPA after they receive their primacy package, and with that, EPA puts out guidance and a type of a work plan in a sense, of how the money is to be spent.

This was originally supposed to be a partnership program between the states and the Federal Government, something like a 60-40 program—60 percent federal, 40 percent state—and now in our just general survey, we find out that it is probably 80 percent state funds and 20 percent federal. The states are having a most difficult time receiving funds. Just like the Federal Government, we are seeing that diminish. That is how it works.

Mr. CHAPMAN. Tom, we appreciate very much the very vivid demonstration of the problem.

[The statement of Mr. Segell follows:]

TESTIMONY

US CONGRESS - MAY 1990

This testimony is submitted on behalf of the forty-three member states of the Underground Injection Practices Council who together have primary enforcement authority for over ninety percent of the approximate one and a half million injection wells in the United States.

The national Underground Injection Control (UIC) program is regulated under provisions of the Safe Drinking Water Act and its Amendments. Major administrative and enforcement responsibilities have been delegated to the states for this substantial ground water protection program. Injection wells range in nature from very high-tech deep disposal wells which inject hazardous and non-hazardous waste at depths from three to twelve thousand feet underground, to simple dry wells which are used by mom-and-pop service stations, family industries, small businesses, farmers, and municipalities. Also included in the family of injection wells are the approximately 175,000 wells used by the oil and gas industry for salt water disposal and secondary recovery operations. Each year these wells re-inject over a billion barrels of salt water brought to the surface along with oil and gas. Solution mining wells used to recover salt, sulphur and other minerals are the remaining major type of injection well.

As regulatory programs, the Class I, or hazardous waste disposal wells and Class II, salt water disposal wells, and Class

III, solution mining wells, are fairly mature. These types of wells have been used by the respective industries for decades and because of the relatively small number and the concurrent high technology being applied to their operation, they pose less risk to the subsurface environment than do the well over one million Class V, or shallow injection wells, some of which can be found in almost every Congressional District of the United States.

These wells are of simple construction, in daily use by families and small businesses, farmers, small municipalities, and, unfortunately, also pose a significant risk to the nation's ground water resources. We believe many of these wells, acting as conduits, are allowing the "mainlining" of hazardous wastes commonly found in every day family and manufacturing uses, directly into underground sources of drinking water. The regulatory program for inventorying, inspecting, closing, remediating, and monitoring these wells is new by comparison to the other types of injection wells mentioned previously. As the state regulatory agencies charged with the responsibility for running this regulatory program, we are very, very concerned. We believe that these injection wells pose the greatest risk of all known point sources for contaminating ground water. That is the bad news. The good news is that by providing more, and better trained state inspectors and enforcement officers, and more extensive public education and outreach, we believe the general public, who own and operate these wells, will comply with this regulatory program thereby diminishing this substantial risk to local ground water supplies. What we lack, however, is enough money to do the job in the way you and we expect. As the front line agencies charged with implementing this federal ground water protection program, states must have additional resources to hire more inspectors and enforcement officers to find these wells and to work with local city councils, planning commissions, and water agencies, to inform them of the hazards surrounding the use of these wells and suggesting to them alternative best management practices that can be used as a replacement for these shallow injection wells.

We are asking the Congress to provide the states $19MM for the financial resources we need to do this job. That equates to an additional $8MM over the amount proposed for FY91. There is nobody else and there are no federal agencies who can get this ground water protection job done quicker and cheaper than the states. It is the states who must necessarily do this work in a cooperative effort with substate agencies and local communities. The state UIC program managers know what needs to be done and how to do it. But we have got to have help from the Congress to get our job done.

Our total UIC program estimated needs of $19MM are based on the original authorized amount for this UIC program. This $19MM, which was authorized nearly eight years ago, and long before we knew how really large a problem the shallow injection well problem was, will bring the states a long way toward effectively eliminating one of the most dangerous and substantial threats to local ground water supplies.

THURSDAY, MAY 3, 1990.

HOUSING AND URBAN DEVELOPMENT

WITNESSES

EMANUEL POPOLIZIO, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

JOHN SIMON, NATIONAL HOUSING CONFERENCE, INC.

RICK GENTRY, PUBLIC HOUSING AUTHORITIES DIRECTORS ASSOCIATION

Mr. CHAPMAN. Wally, sit down here.

Mr. POPOLIZIO. Well, all my friends call me Wally. I hope when I am finished you will, too.

I am mindful of the advice that my statement has been filed, so there is no need for me to read it. I am only going to read the first part, which thanks everybody for being helpful, and I don't want to forget that. After I have read that, then I will talk to you directly.

I am here representing NAHRO, the National Association of Housing and Redevelopment Officials. It is a 57 year old professional membership organization of housing and community development officials throughout the United States, who administer HUD programs at the local level. Its membership, numbering 8,500, has long participated in the creation and fine tuning of national housing policy and programs.

Now, you weren't supposed to be here. The Chairman was supposed to be here, and it says here Mr. Chairman. Representative Green was supposed to be here, and it says Representative Green, and members of the subcommittee. That is you now.

Mr. CHAPMAN. Well, we all have to be somewhere.

Mr. POPOLIZIO. On Monday morning we all are.

On behalf of NAHRO, I thank you for the opportunity to share with you a slice of life from the nation's largest public housing agency, which is the New York City Housing Authority.

I heard previous speakers importuning you to listen to their causes and make funds available to them, and I, too, line up with the same mission. However, I am going to ask you to listen intently to what I have to say, because what I have to say is not as interesting as NASA, it is not even as interesting as the wells and the water. As a matter of fact, it is rather mundane, and in some ways, uninteresting, but nevertheless, very vital.

If food, clothing and shelter are the necessities of life, then I think housing is indeed vital. Notwithstanding what you may have read in the press, and notwithstanding what you may have even heard in the halls of this august body, of which you are members, I submit that public housing is the finest program that the United States Government ever undertook, and it is one of the most successful programs.

Eight-five percent of housing provides decent and affordable housing. Do not make the mistake of putting on our heads the problems of society over which we have no control and the subject matter of our concern, namely, our residents, not always the ability to make themselves heard, indeed even in these chambers where I am now.

Let me say to you that we are in a world that is evolving and changing more rapidly than we ever dreamed before. One of the interesting things that I noted since the Iron Curtain has somehow oxidized and fragmented away, and people are out asking for what they say human beings are entitled to, and one of the things they always ask for is housing. They ask for housing before they ask for even the more classical things that you would think people would ask for who have been in prison, chained, and denied liberty. And until we provide the kind of housing that is worthy of a nation like ours, we will not have fulfilled our mission either as the great democratic society—with a small "d"—that we say we are, nor will we have fulfilled what I believe to be our real mission as a culture and a civilization that is mindful of those who might not be as well off as some others.

I am of the opinion that whether we like it or not, either it will occur by attrition or by rapid evolvement, or by direction from those who have the wisdom to take advantage of the situation that is now before us, and put into motion what is needed in order to address this problem. One of the first things I know people will say, well, he is crazy. I remind anybody who thinks I am crazy that my sanity is not an issue today.

One of the things that we must do as a society and as a government is to reorder our priorities. There is no gain saying that and there is no point in trying to wrap ourselves around the flag and say what about defense, young man?

I was young once. I was in the Army. I am in favor of defense. I put defense number one on my list of priorities. Defense that reflects our needs today, defense that reflects our reaping the benefit of having remained steadfast through the years, and by our perseverance and by the application by the type of government of proving ourselves to be right.

Second in line I would put housing. Yes, housing. I put housing in line because you look out in our country today, you evaluate the last ten years, you hear people talking about the homeless and you get a vision of some poor guy or some poor woman and all wrapped up like they are ready to go back into the womb. My friends, the homeless are our children. They are one paycheck away from being homeless. They cannot afford to buy homes. Some of them are living with us right now, and people in this room have their children living with them. Where do you think they would have gone if they didn't go back to pop and ma?

Some families now are marrying and moving back in with their families. That seems to me that is a little bit of de ja vu. If we go back some 50, 60 years go, a guy like Jay Cobb Reese started to write about crowded families, about conditions that were intolerable, conditions that didn't bode well for human existence and human civilization and human culture, and men and women who thought as he did, rose up, and out of that air, out of that indignation, came our public housing.

The irony of it is—take the authority of which I am Chairman, the New York City Housing Authority. We have approximately 600,000 tenants who live in my public housing buildings throughout the City of New York. I have approximately 180,000 units. I have a staff of 15,000 men and women, and in my projects are what

I call the hidden homeless, and I say that we have the hidden homeless. They number between a minimum of 100,000 to probably 150,000.

You may say how do you know that? What do you base that on? Well, I base it on a study that we made, and this is what we use to evaluate and discover what we were sure were families that did not belong in our projects of the government. We took addresses they gave through the Board of Education for the children to go to school. We took addresses they took to welfare when they went to apply for things they really needed. We also took addresses they gave when they applied for section 8 relief, so that those addresses they gave they gave because they wanted to be sure they would receive replies.

And when we checked on them, we found there were 35,000 families that were doubled up, and applying the 2.5 factor to that alone, you come to about 93-95,000 human beings. I say that over and above that, you have men and women, some who fear authority, some who don't understand. The reasons are many, and varied why they won't come forward and say that they are not tenants in that area.

The same trouble we are having now trying to get our Census figures. So it is not irresponsible to conclude that there may be others who, for reasons of their own, we are not able to locate, so that now we seem to have come full circle.

Jay Cobb Reese said, look at these slums. Incidentally, for some in this room who don't know what a slum apartment is, I want you to listen. I am an expert. I was born and brought up in a slum apartment until I was 11 years old. It is three rooms, it is six children, it is mother and dad, it is two wine barrels, it is one toilet in the hall for the use of two families, and it is public baths a block away down the street, where for a penny you got towels and soap and you bathed on Saturdays.

That is a slum apartment. That is what public housing did great strides in eradicating. This is where we come from and this is what you have provided, this government, our government, to the residents of public housing. That is true, but don't kid yourselves that the people don't appreciate public housing. They do. Don't kid yourselves that they don't need it, they do. We have a waiting list throughout this country about of a million eligible families that need public housing.

In my authority alone I have eligible waiting lists for 200,000 eligible families.

I don't want to take too much time, but I just can't resist the opportunity I have.

In connection with services that have been funded, take congregate care, I can't get money for congregate care. I think that it is unfortunate, mind you, from a point of view of being humane and a point of view of good business. Let me tell you what I mean.

I served for 18 years as a trustee in one of the major hospitals in New York City, St. Vincent Medical Center. I have an idea, and I know I don't have an idea of the amount of money it costs on reimbursement for a patient in a hospital and patients in nursing home, and last time I looked, it was in excess of $380 a day.

With our congregate programs, we are able to keep our senior citizens in their apartments where the only obligation we have is to pay their rent, we are able, through the funding—and it is really minimal funding that is available—to get together people who will make telephone calls, who will go and perform errands, do some shopping for these people, visit with them, and instead of relegating them to some building where they are going to die, to make them feel they still are part of the human scene, and that there is a desire on our part as a society to reach out to everybody, even those who become less useful and perhaps even somewhat infirm.

I mentioned congregate care because we have helped start a program—I won't go into detail—on staff development, cooperating with the Board of Education, altering the high school programs, all of these have come out of public housing. Wherever we have programs that were funded in our city and then they were no longer able to continue them, we tried with all our might to get funds to continue them, and in the main we have succeeded. We have succeeded.

I don't want to go into detail with you on the drug program, but the forfeiture law was invoked enabling us to regain possession of apartments that were being used by drug dealers. It was invoked and used for the first time in the Southern District of New York, and my General Counsel, Manuel Pintana, was the man who thought to use that forfeiture section in order for us to regain government property and oust people who shouldn't be in there.

This is not to say that that cures the drug problem. It does say, though, to our tenants that we haven't given up and we haven't surrendered.

Mr. CHAPMAN. Wally, we appreciate your comments and your testimony today.

Quite frankly, we thoroughly appreciate your diversion, if you will, from the printed text of your comments and your speaking from the heart.

Mr. POPOLIZIO. Well, I hope your feeling carries over when you think about my PFS. We have in New York alone a shortfall of about $20 million. Every point you take away cuts $3 million right out of my throat. See, I am bleeding right from the jugular now, and my colleagues up there, you have got $50 million that should go back into the city so that at least we start off with the amount of money that you said originally—or HUD did—that that is what they need in order to operate. And give us those funds at least, and then we will come back and argue some more.

[The statement of Mr. Popolizio follows:]

NAHRO National Association of Housing and Redevelopment Officials
1320 Eighteenth Street, Northwest, Washington, D.C. 20036-1803 (202) 429-2960
Fax (202) 429-9684

# FISCAL YEAR 1991 APPROPRIATIONS
for the
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Statement

of

Emanuel P. Popolizio
Chairman
New York City Housing Authority

on behalf of the

NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

before the

House Appropriations Subcommittee
on
VA, HUD, and Independent Agencies

MAY 3, 1990

The National Association of Housing and Redevelopment Officials is a 57-year-old professional membership organization of housing and community development officials throughout the United States who administer HUD programs at the local level. Its membership, numbering 8,500 has long participated in the creation and fine-tuning of national housing policy and programs.

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Apolonio Flores, President, **Jack Quinn**, PHM, Senior Vice President, **Elizabeth J. Campbell**, Vice President— Commissioners, **Jane Downing**, Vice President—Community Revitalization and Development, **Roland L. Turpin**, PHM, Vice President— Housing, **Michael F. Hanratty**, PHM, Vice President—Member Services, **Deborah M. Erlanson**, PHM, Vice President—Professional Development, **Richard Y. Nelson, Jr.**, Executive Director

Mr. Chairman, Representative Green, and Members of the Subcommittee, thank you for the opportunity to share with you a slice of life from the nation's largest public housing agency.

The New York City Housing Authority manages approximately 180,000 units, of which 158,000 are federally-assisted public housing. The average gross income of our residents is $11,527. The monthly cost to operate a unit of public housing in New York is $395. The average monthly tenant rent payment is $256. The difference, $139, is made up through HUD operating subsidies.

Across New York State, public housing authorities manage approximately 186,000 federal public housing units. The nationwide total is 1.4 million units, housing more than 4 million low-income families and seniors.

On behalf of the National Association of Housing and Redevelopment Officials, thank you Mr. Chairman, Representative Green, and members of the Subcommittee for doing your best to fully fund public housing operating subsidies in the current fiscal year. The $72 million this Subcommittee provided, while not fully funding the Performance Funding System at $122 million, will go a long way toward covering our costs. However, the $50 million shortfall remains.

Turning to fiscal year 1991, there are a number of programs upon which housing authorities rely in order to provide decent, affordable places to live in stable communities for so many of our low-income citizens. We are hopeful that as the Subcommittee considers the FY'91 Public Housing appropriation, it will take the current $50 million shortfall into consideration.

Public Housing Production

NAHRO firmly believes we must add to the supply of affordable housing for low-income Americans in those communities where the private housing market has few or no affordable vacant units.

The number of households earning less than $5000 per year increased 53 percent between 1974 and 1987 to 7.2 million. During the same time period, two million units of affordable rental housing have been abandoned, demolished, or converted to higher rents or private ownership.

As of last year there were more than one million households on public housing waiting lists nationwide. Many communities have closed their waiting lists due to this inordinate demand. In the City of New York, our waiting list numbers approximately 175,000 families, of which 35,284 are seniors.

Public housing is the only permanently affordable low-income housing in this country. It has been home to millions of Americans unable to make ends meet. It has proven its worth and cost-effectiveness. Unlike Section 8 housing assistance contracts, it doesn't have to be renewed every five or fifteen years with the attendant budgetary and paperwork headaches which that presents.

Well-designed public housing on scattered sites has proven successful in communities throughout the United States. We believe we should build on this success and propose adding to the public housing supply by 20,000 units in fiscal year 1991. Our estimated cost for restarting this supply pipeline is $1.5 billion.

In addition, NAHRO calls for a line-item appropriation of $375 million for public housing one-for-one replacements to assure that there is no net loss from the public housing inventory due to sales to resident management corporations or other entities or due to demolition in order to reduce density. We estimate this dollar amount will replace approximately 5,000 public housing units. As you know, HUD has a substantial backlog of demolition and disposition requests which it has approved, but which lack the requisite replacement funding.

Public Housing Operations

To support on-going maintenance and operations, we estimate $2.1 billion will be required pursuant to the Performance Funding System for public housing operating subsidies in the next fiscal year.

As you know, the Department continues to have difficulty projecting total PFS needs from year to year and consistently underestimates operating subsidy needs by assuming a variety of cost savings which either require legislation or have yet to be realized. We continue to be troubled by the Department's failure to inform this Subcommittee of its revised estimates of PFS needs as they become available and to send forward to OMB and the Congress the request for supplemental appropriations needed.

We propose a $2.53 billion level for public housing modernization next year. This will enable some PHAs to begin to work off the backlog of modernization needs that continues to grow daily the longer this funding is deferred.

The Congressional mandate to PHAs to test for and abate lead paint remains unfunded while the five-year clock to complete the job continues ticking away. The Congress must face its obligation to fund this new mandate with new money. Based on the most recent internal HUD estimates, NAHRO believes $600 million will help get this program off the ground.

Supportive Services

To assist families living in public housing to become self-sufficient, child care is essential for working mothers. We believe $20 million in a separate line-item appropriation for public housing child-care grants would help in this matter.

Just as we do not support diverting current HUD programs to new purposes under Secretary Kemp's "HOPE" rubric, we do not support earmarking by the Congress for new initiatives, be they child care or lead paint abatement, from current programs. Such practices simply short-change one need for another.

The Public Housing Drug Elimination Grant program needs $175 million next year as we all seek to piece together the federal and local resources necessary to rid public housing communities of illicit drug activity.

Secretary Kemp's waivers of HUD lease and grievance procedures for those states with substantially equivalent tenant-landlord rights, remedies, and procedures have enabled PHAs to respond to illicit drug activity and protect the vast majority of public housing residents whose quiet enjoyment of their homes is threatened.

The New York City Housing Authority has been in the forefront of the war on drugs.

Working in cooperation with the United States Attorneys' offices, this authority has pioneered the use of the federal forfeiture statute to "seize" leaseholds of drug dealing residents. Since 1988, 21 apartments have been returned to residential use through this method.

We have also put a 19th century "Bawdy House" law back into action to fight drug abuse. Utilizing the authority of that statute, we have turned an additional 39 apartments over to decent families and the narcotics traffickers have been forced out.

We continue to rely on the regular eviction process as well. From January, 1989 through March 31, 1990, we have successfully completed 130 administrative actions aimed at the removal of tenants involved in drug activities.

We are doing our part to keep our communities drug-free.

Congregate Services

The Congregate Housing program is a proven means of forestalling premature institutionalization of frail elderly persons living in public housing and Sec. 202 senior buildings.

Program costs, including rent, have been documented to be about one-third less than the cost of intermediate care in nursing homes. Annual savings have been conservatively estimated to range between $4,233 and $5,880 per person.

Of the 1.52 million seniors living in federally-assisted housing, an estimated 365,000 have some fraility and are unable to carry out daily living unassisted. Some 105,000 of these residents are at risk of being institutionalized.

Currently, only 60 PHAs and nonprofit sponsors operate congregate services serving a total of 2200 frail elderly. We urge the program's continuation at a $10 million level.

Section 8 Rental Assistance

Currently, there are more than 800,000 families and seniors on waiting lists nationwide for Section 8 rental assistance.

This program has been the principal resource to house low-income families, elderly and handicapped individuals. We urge its continuation at a level of $2.5 billion, which we estimate will assist an additional 80,000 households.

Essential to the effective operation of the Section 8 program is an adequate administrative fee which fully covers the costs to the PHA of taking tenant applications, screening, counselling, verifying and recertifying incomes annually, soliciting and convincing private property owners to participate, and certifying that their properties meet HUD Housing Quality Standards

An 8.2 percent administrative fee has been authorized. We seek its full funding for new Section 8 units.

Renewal of expiring certificates and vouchers is a commitment both Congress and the President have made. We applaud this federal commitment to our nation's low-income tenants in federally-assisted housing and urge an in-kind renewal -- vouchers for vouchers and certificates for certificates. In addition, we seek a line-item appropriation of 15-year Section 8 certificates at $234 million.

Neighborhood and Community Development

The Community Development Block Grant Program has a fifteen year track record of stabilizing neighborhoods, meeting citizen needs for public community facilities and services, and local economic development.

Housing rehabilitation, neighborhood commercial development, infrastructure, senior centers, community facilities, child care, crime prevention and health care are among the versatile uses for this flexible block grant. CDBG is the major source of federal funding available to meet these local needs.

Yet the needs continue to grow while the funding for this program in real terms has declined by more than 50 percent during the past ten years. Also, the 1987 Housing and Community Development Act added new housing construction, installation of 911 Emergency Telephone Systems, and public housing child care grants as new eligible activities. That same law imposed new mandates on localities using the program by requiring more generous relocation benefits than those required for other public displacees under the Uniform Relocation Act and by requiring a local commitment of ten years of affordable relocation housing.

These burdensome new requirements in the absence of federal resources to carry them out are counterproductive for all parties concerned: localities and their citizens as well as the federal government. NAHRO believes a $4 billion appropriation is justified for the CDBG program.

I need not remind this Subcommittee that the program had an appropriation of $3.7 billion nine years ago in 1981 when there were fewer entitlement communities and fewer mandates and eligible activities. We cannot continue to stretch this program beyond all reasonable limits and promise our citizens community improvements which we cannot deliver due to reduced federal funding.

Lump Sum Drawdowns

This Subcommittee prohibited localities from drawing down their CDBG entitlement in a lump sum as one of the many "creative savings" achieved in the current fiscal year. That prohibition on lump sum drawdowns has had serious repercussions in many communities. Communities have relied on the lump sum as leverage with their local lending institutions where they deposited the funds as a means of financing CDBG activities at levels that otherwise were not achievable.

We urge this Subcommittee to permit this local leverging process to resume in FY 1991.

Section 108 Loan Guarantee Program

Similarly, this Subcommittee initially reduced this leveraging program in the current fiscal year. NAHRO has worked closely with the authorization committee to revise and make more workable these Loan Guarantees, particularly in the face of the demise of the UDAG program. That revised program is included in the markup document being debated this week in the authorizing committee.

We urge a continued commitment to this program, particularly in light of the loss of a number of other economic development tools. NAHRO suggests the loan guarantee limit be increased to $500 million to make this a truly workable program.

Under the program, entitlement communities may currently borrow up to three times their CDBG grant, pledging future CDBG grants as security. The typical repayment period is six years. In the past several years, all of the available loan authority has been used, enabling communities to do things like acquire land for housing and job-generating commercial development in depressed areas. Keep in mind that this program involves no budgetary outlays.

Neighborhood Preservation

Three programs have been the workhorses of rehabilitation of affordable rental housing and homeownership for first-time homebuyers.

The Section 312 Rehab Loan Program has been in operation for 25 years. It is a proven below-market interest rate loan for those who cannot afford or secure market rate rehab loans due to their fixed or low incomes or the location and risk of the property. The program, as the Subcommittee knows, has been self-supporting through loan repayments since 1980 and has required no appropriations since then.

Imagine our surprise when this Subcommittee, again resorting to creative financing in FY'1989, diverted $200 million of those loan repayments to shore up the CDBG account!

Mr. Chairman and Members of the Subcommittee, NAHRO as well as you should be troubled by such "cannibalizing". We are hurting those we seek to serve in communities across this land and are short-changing the American people. Please refrain from this practice.

The 312 program works hand-in-hand with the popular Urban Homesteading program by providing the rehab loans needed for first-time homebuyers to fix up vacant repossessed homes they purchase in their communities. So it is critical that the program be revived, not killed as this and the previous Administration has sought to do.

Secretary Kemp talks a good game about homeownership and empowerment. Yet, the Urban Homesteading program coupled with 312 Rehab Loans has been doing just that for years.

Both programs expand and preserve homeownership opportunities for low- and moderate-income Americans. Contrary to what HUD would have you believe in proposing to terminate the program, it is not duplicative. Indeed, the program permits much more substantial rehab than other programs and restores those units most in need of work. The owners and residents of these units can thus avoid the need to find other, often scarce affordable units or face the possibility of homelessness where such units are not available. We urge you to insure the continuation of this essential program.

The Rental Rehabilitation program has helped to preserve more than 100,000 affordable rental units since its inception in 1984. At an average per unit rehab cost of $4200, this program is a bargain which, coupled with Section 8 assistance, enables many lower income citizens to afford to rent.

NAHRO strongly urges you to fund the Rental Rehabilitation program at $200 million as you did in FY'1988. In addition to the high production rate and cost-effectiveness of the program, it leverages about two dollars in private money for every public dollar spent and produces affordable units in small properties not reached by other programs. In fact, 92% of the tenants in units rehabilitated under the program are below 80% of median income and the average Rental Rehab property has 4.8 units. Many owners have invested in additional small properties in deteriorating neighborhoods once they have participated in the program.

Rental Rehab is flexible so that both for-profit and nonprofit investors can participate in restoring affordable housing in carefully targeted neighborhoods. The delivery system is in place and working well for this program. We urge this Subcommittee to "invest" in this neighborhood stabilization program which has proven so successful.

Homeless Assistance

NAHRO supports the following funding levels for McKinney Homeless programs in FY'91:

Emergency Shelter Grants	$131.2 Million
Transitional Housing	$133
Supplemental Assistance	$12
Sec. 8 SRO	$133
Emergency Food and Shelter (FEMA)	$140.7

In addition, we strongly believe in the Housing Counseling program as a means of preventing homelessness. By providing mortgage default counseling and budget counseling this program enables homeowners to avoid foreclosure and renters to avoid eviction. This is a small, but essential program in staving off unnecessary homelessness.

While we recognize the stop-gap nature of McKinney programs and their relatively high per unit operating costs compared to public housing, we believe we must continue to provide homeless assistance on an emergency basis to those who have slipped out of the safety net, as well as some transitional assistance to help homeless families and individuals reenter the private housing market.

Until such time as we have a credible production program for affordable rental housing, we will continue to be confronted by the enigma of homelessness in the richest country in the world.

Thank you for the opportunity to appear before you today on behalf of NAHRO.

Mr. **Chapman**. Mr. Simon.

Mr. **Simon**. May name is John Simon. Our membership encompasses a large variety of people interested in housing, from homebuilders to labor unions, from financial developers to banks, from Fannie Mae to residential institutions, and I have no specific structural agenda for any one group.

I know you are very short of time, so I just want to make a few comments. Our written statement says it all. You know the current housing needs in the country, there is no need to repeat it. After many years of debilitating cuts in the HUD budget, we feel the situation is getting worse. We really appreciate the work that this committee, you, your predecessor, those that are not here and were here at other times, have done to save us from total disaster.

If we had followed the Three Horsemen of the Apocalypse in the Budget Office, Messrs. Stockman, Miller and Darman, we would all be living in tents, and I want to tell you that it was your effort and the efforts of the Congress that at least has maintained some level of housing, although by all means not enough.

I want to come to the bottom line of our request, which is that you follow the authorization bills which will be on the floor in June and the recommendations by the Budget Committee to increase the HUD budget by $3.3 or $3.4 billion above the current fiscal 1990 current services base line. We think that if you can do any service to the housing, whether it is public housing, whether it is private housing, whether it is nonprofit, if you can do any service to the families in the low and moderate income housing—and I don't need to repeat the eloquent statement that Mr. Popolizio has made—if you can increase it by that amount, you will have taken a small step towards resolving the crisis which is facing this country.

I want to make one last comment, if I may. I wish that this committee and the Congress could do some long range planning as to what is needed in housing. It seems to me that if you could do the kind of planning that was done rather briefly, and probably not too well, that you have done to bail out the savings and loan industry, and to find at least some of that money that you have suddenly found—and when I say you, I don't mean obviously you—which the Congress has found, which was $50 billion, which will turn out to be $500 billion, and hopefully not more than that.

If some of that money could be found in the same way, and capitalized for housing production rather than bailout of savings and loans, I think in the long range you will do a great service to this country. You will do for the nonprofits what is needed, and you may finally relieve the impending housing crisis, which is getting worse, and which I think could be dangerous to the national stability of this country.

I hope you will read our testimony. I appreciate your attention. Thank you for letting us come here.

Mr. **Chapman**. Mr. Simon, thank you very much for both your full statement, which will be made part of the record, and for your summary of that statement.

[The statement of Mr. Simon follows:]

NATIONAL HOUSING CONFERENCE, INC.

STATEMENT
OF
JOHN SIMON, PRESIDENT
THE NATIONAL HOUSING CONFERENCE
BEFORE THE
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

May 3, 1990

Mr. Chairman and Members of the Subcommittee, my name is John Simon. I am the President of the National Housing Conference and I appreciate this opportunity to present the views of NHC on the Department of Housing and Urban Development appropriations for 1991.

Since 1931, NHC has worked for the development of national housing policies and programs designed to make decent housing available, affordable and accessible to all our citizens. For nearly 60 years, major strides toward meeting that goal have been made, with the help of, initially, the federal government and, more recently, many state and local governments.

Unfortunately, the forward progress has not been uniform, as competing demands for scarce resources, or even sometimes, a belief that the nation's housing problems have almost been solved or that they are not the business of government, have too often resulted in slowing progress or even retrogressions. We have just been through one such period where the pace of meeting the nation's unquestioned housing needs has slowed dramatically.

The fiscal 1991 HUD budget, however, does little to reassure us that we are entering a period of renewed federal commitment and activism to address the affordable housing needs of this country.

On January 29, the Administration presented its fiscal 1991 HUD budget as a 29% increase over 1990 budget authority, claiming that the growth reflects HUD's commitment to maintaining low-income rental subsidies through Section 8 contract renewals. NHC wholeheartedly supports the Administration's inclusion of funds for expiring Section 8 contract renewals. To their credit, Congress and the Administration recognized early the potential disruption due to the loss of over 1.1 million affordable housing units over the next five years through the expiration of Section 8 contracts and have expressed a commitment to extend these contracts. In the past, however, Congress adopted a policy of incorporating these renewals into its budget "baseline," that is, the assumption for maintaining current services, and has not considered Section 8 contract renewals to be additional funding as presented in the President's FY 1991 HUD budget.

In other words, the $7.7 billion budgeted by the Administration this year for 295,000 five-year Section 8 contract renewals does not add one dollar to expand the current supply of assisted housing available to low and moderate income households and does not assist one additional family that is not currently being served. In actuality, if you subtract the $7.7 billion for Section 8 contract renewals from the President's FY 1991 HUD budget request, rather than a 29% increase in HUD funding, according to the House Budget Committee there is an actual loss of $225 million in budget authority for subsidized housing from the FY 1991 current services baseline.

The current housing need in this country is perhaps the area of greatest unmet need on the domestic side of the budget that you, our elected representatives, must address. First, according to a study by the Center for Budget and Policy Priorities, in 1987 only one-third of all American families who met the government's own test of need were receiving federal housing subsidies. That means nearly two-thirds of eligible low income families, or roughly four million households, received no housing assistance. Second, in 1985, 45% of all renters whose incomes were at or below the federal poverty level spent at least 70% of their income on housing -- which includes rent and utilities. Taken together, these facts reveal that a large number of poor renters spend extremely large portions of their income on housing and don't receive any form of housing assistance.

How does the Administration propose to address this unmet need? The FY 1991 HUD budget extends assistance to 82,000 additional households when currently four million eligible low income families receive no federal aid. At this rate, it will take nearly 50 years to meet current need.

The centerpiece of the HUD budget and part of the Administration's solution to the existing housing crisis is the President's proposed Homeownership Opportunities for People Everywhere - HOPE initiative. On the face of it, the shortcoming we see in the President's HOPE proposal is that it not only provides no assistance for the expansion of the low and moderate income housing supply, but strictly prohibits HOPE funds for new construction. This leaves the paradox that on the one hand, HOPE results in the loss of affordable housing rental stock through acquisition for homeownership, while on the other hand, it does not allow for the replacement of these lost units.

HOPE does follow a pattern, borne out again in this year's budget, of taking HUD out of the business of housing production. The President's budget eliminates any new construction for public and Indian housing. The budget also approximately halves the number of new construction units in the Section 202 elderly and handicapped housing program -- one of the last available low income housing new construction programs.

In addition, the President's budget eliminates entirely the Nehemiah Housing Opportunity Grant Program, congregate housing, Section 8 mod rehab and HoDAG, the rental housing development grant program. The President's budget also cuts public housing modernization by $205 million, the rental rehabilitation grant program by $60 million, Public Housing operating subsidies by $43 million, and the Community Development Block Grant by $280 million below current service levels.

After a decade of debilitating cuts to the HUD budget it is disheartening to enter the new decade facing additional cuts in proven, effective housing programs. In light of the four million eligible households inadequately housed, Congress must redouble its efforts to expand affordable housing opportunities in this country.

Right now, both the House and Senate Banking Committees are in the process of marking up major housing authorization legislation that would significantly expand the supply of affordable housing. Taken together with the President's proposal to expand homeownership opportunities, passage this year of comprehensive housing legislation could begin to reverse the losses of the past ten years.

This is the year that federal housing policy could be turned around, the year that the federal commitment to decent, affordable housing for all Americans could be renewed. For this to happen, however, you must invest federal resources in the production of housing for low and moderate income people, you must invest resources in the rehabilitation of the substandard units that now exist, and you must insure the preservation and maintenance of units that now house our low and moderate income citizens.

But nothing will be accomplished if adequate funding levels are not assured. The House Budget Committee included an additional $3.3 billion above the FY 1991 current services baseline and above the amount needed to renew expiring Section 8 contracts to specifically fund important new housing and community development initiatives. The House of Representatives is expected to approve the Budget Resolution this week.

Now it is up to the Appropriations Committee to translate this additional $3.3 billion in HUD budget authority into funding our country's great unmet housing need. We urge the Subcommittee to recognize the need for a substantial increase in the supply of low and moderate income housing and the need to maintain the present supply of such housing. Therefore, in addition to funding new housing initiatives currently being authorized by the House Banking Committee at the House Budget Resolution approved funding level, we urge that you take the following actions on HUD's FY 1991 appropriations:

o Increase the total number of incremental units and maximize the number of people served by increasing Section 8 assistance. We continue to oppose complete replacement of the Section 8 certificate program with vouchers and urge that expiring Section 8 certificates not be replaced with vouchers, especially when those certificates are project-based.

o The production of public housing should be continued at a meaningful level. In addition, sufficient modernization funds should be provided to enable a significant dent to be made in the tremendous modernization backlog. Full funding of operating subsidy needs should also be provided.

o The 202 Program should be continued as a direct loan program at a level substantially higher than the 7,000 units proposed.

- Until new programs are authorized, we urge the continuation of the Housing Development Grant Program as a tested and functioning means of producing low income housing to be owned by both nonprofit and profit-motivated private entities.

- In addition to sufficient funding to keep in place all Section 8 assistance expected to expire in FY 1991, we urge the Subcommittee to provide adequate funding for the types of incentives that will be needed to induce owners of projects with expiring prepayment limitations to keep those projects on a long-term basis for low and moderate income housing.

- We urge that the long-discredited proposal for imposing additional user fees upon the secondary market mechanisms of GNMA, FNMA and FHLMC be rejected.

- We urge that the Community Development Block Grant Program be funded at a minimum level of $3 billion.

- As we have for each of the past several years, we again urge the Subcommittee to provide funding for adequate staffing of HUD so that it can carry out its program responsibilities in an effective and efficient manner.

Thank you for this opportunity to appear before you. We greatly appreciate the strong support you have given for these programs in the past. We urge you to keep it up.

Mr. CHAPMAN. Mr. Richard C. Gentry.

Rick, thank you for joining us. We have your statement. It will be made a part of the record. We invite you please to proceed in your own fashion.

Mr. GENTRY. I appreciate your time.

My name is Rick Gentry. I am the Executive Director of the Richmond Development Housing Authority. I have been in Richmond since the first of the year. Prior to that, I was Director of the Authority in Austin, Texas. I share your feelings about Austin. It is a good place.

In the interest of time, other than identifying who I am speaking for, I think I will start with the third page of the text and deal with what we think is the most crucial issue. I am here today representing the Public Housing Authority Directors Association. PHADA represents professional managers of approximately 1.2 million public housing units throughout the nation. Our objective, as we know you share with us, is the provision of decent, safe, and affordable housing for low income individuals.

Although we recognize the need for additional production, we would agree with Mr. Popolizio entirely in his observation, we feel it makes no sense to let the stock that we currently manage go without, and we therefore feel that is our number one budget priority for the coming year, before funding of our operating subsidy.

As you know, the subsidy makes up for the difference in what the tenants pay for rent and the actual cost of administering the housing authority within certain reasonable limits, according to an established formula, and I am sure I don't have to document to the members of this committee that nondiscretionary costs, such as insurance protection, utility bills, continue to increase at a rapid pace. There are many other ever inflating costs as well, including security with the increasing drug problem, and employee compensation to name a few.

As you are well aware, tenant rents are set statutorily at 30 percent of the family's income. A PHA may not raise rents to cover increased expenses as is the case in the private sector. The PFS formula employed by HUD, which I might add, was designed by HUD in 1975, does not reflect this reality. The department proposes $1.8 billion for operating subsidy in fiscal year 1991, and Mr. Chairman, as you may well be aware, HUD has consistently micalculated PFS funding over the last ten years.

HUD has consistently failed to follow a formula HUD itself designed in 1975, and from 1980 to the present, every single year HUD has underestimated the amount of subsidy necessary even according to its own formula. It would be understandable to us if HUD's missing the mark had been done in a random fashion—some overestimate, some underestimate. The fact that it is consistently underestimated tells us that not only is there a lack of competence in estimating the amount properly, there is also a lack of good faith in taking care of what the obligations to the Federal Government are.

We would recommend that $2.1 billion, as shown on page 4, is the amount in fiscal year 1991 funding needed to fully augment the operating subsidy, and again, reflecting on our judgment versus HUD, I don't think we can exist later on for ten years.

We would respectfully request that you give this appropriation your utmost consideration as you continue your deliberations. We feel that is the most important issue that we have to face in managing the properties we have now, which do represent a considerable investment in the housing localities in the nation.

Additionally, there are two proposed initiatives contained in the budget relative to vacancy rates, which if implemented, could prove to be very detrimental. The first is that HUD proposes to increase occupancy levels in their own performance funding subsidy formula to 98 percent from 97 percent. They are proposing that without giving a reason why. It is an arbitrary judgment. It is unsupported by any reasoned discourse, and to show you how that would adversely affect the housing authorities, I would like to point out one difference between Richmond and Austin. In Richmond we are consistently able to maintain 98 to 99 percent occupancy rate based on market conditions, the unavailability of other housing, and we are able to do that with very little difficulty.

In Austin, we were unable to increase our occupancy rate past 96 percent on any regular basis, not because of the lack of performance but because the market in Austin was over-built in elderly housing. I could turn around a non-elderly unit in less than 20 days consistently. Elderly units took me 75 days to turn around, not because the units were poor or because there were competence problems in the authority, but because as you know, Austin is a very young city. There is an over-building situation with respect to elderly assisted housing in Austin.

To penalize Austin for something that was beyond their control and in an arbitrary fashion, just doesn't make sense.

The second issue which is being proposed by HUD to deal with budget considerations is the elimination of subsidies for vacant units when they exceed two percent, unless the units were being constructed. On the face of it that sounds like a pretty good idea. If the unit is not being used, it shouldn't be paid for. But that is taking an arbitrary national standard and applying it uniformly when there is already a mechanism within HUD to deal with that problem.

There is something within the HUD system called comprehensive occupancy plan, which is available to HUD in dealing with financially troubled housing authorities that may also have vacancy problems. it is a mechanism whereby HUD can deal with authorities one at a time. If there is a problem, allow the authorities the time to work out the problem. If not, then withhold subsidy.

It seems to me a lack of courage on HUD's part in not dealing with specific problems in trying to formulate a broad approach mechanism which could hurt authorities in an arbitrary fashion.

There are a number of other issues here which will go into the record, which we are very much interested in.

I thank you for your time and if you have any questions, I would be glad to respond to you.

Mr. **Chapman**. Mr. Gentry, we appreciate your time, your excellent testimony, and your emphasis on those issues you think are most important to the subcommittee.

Thank you.

[The statement of Mr. Gentry follows:]

Testimony of Mr. Richard C. Gentry
Executive Director, Richmond Redevelopment & Housing Authority

Representing The Public Housing Authorities Directors Association

PHADA

Before The House Subcommittee on VA/HUD & Independent Agencies
The Honorable Bob Traxler, Chair

May 3, 1990

PHADA
511 Capitol Court, NE
Washington, D.C. 20002
(202) 546-5445

Mr. Chairman and Members of The Subcommittee, my name is Richard Gentry. I am the Executive Director of The Richmond Redevelopment and Housing Authority. Today I am representing The Public Housing Authorities Directors Association (PHADA). Thank you for allowing me to address your Committee.

PHADA represents the professional managers of 1.2 million public housing units throughout the nation. Our objective, and we know you share this goal, is to provide for safe, decent and affordable housing for low income individuals.

On behalf of our membership, I would like to extend our sincere gratitude to this committee. In particular, we appreciate your allocation of $72 million in 1990 supplemental funding for the PFS formula last month. Although this additional funding does not bring FY '90 funding to 100% capacity, your action demonstrates unyielding support for public housing.

Mr. Chairman, we are now five months into the beginning of a new decade. The Administration has been in office for approximately one and a half years. During the course of that time, Members of Congress have worked with the President and his staff to win the approval of a number of programs which will benefit millions of Americans. Of course, there has been some rancor at times, but debate often results in improvement and more equitable programs. The American people realize that in the end, the Executive and Legislative branches can function in a bipartisan manner to ensure that the needs of the nation are adequately addressed. Indeed, the HUD reform legislation which you adopted last year is a good illustration of such cooperation.

Nonetheless, our association and many other low income housing groups are alarmed, Mr. Chairman. The 1980's, which produced more homeless persons than ever before, serve as a reminder that there is a great deal of difficult work before the Congress. We recognize that all parties are attempting to formulate a solution to the nation's housing crisis.

The Senate began work on an omnibus housing bill almost three years ago. As you know, members of your house fashioned their own legislation shortly thereafter. Secretary Kemp has labored for over a year to produce the "HOPE" package. Despite these good intentions, the federal government has been unsuccessful in its effort to enact a new comprehensive housing plan. More importantly though, there is a dire need to adequately fund existing programs, so I shall restrict my testimony to those issues. Accordingly, I will now outline our specific requests which we desire to be funded in the 1991 Budget.

PHADA's number one budget priority continues to be full funding of the Operating Subsidy. As you know, the subsidy makes up for the difference in what tenants pay in rent, and the actual costs of administering the PHA, within certain reasonable limits.

I am sure that I do not have to document to the members of this committee that non-discretionary costs such as insurance protection and utility bills continue to increase at a rapid pace. There are many other ever-inflating costs, including security and employee compensation to name but a few. The list is almost infinite. As you are also aware, tenant rents are set statutorily at 30% of a family's income. A PHA may not revise rents to cover increased expenses, as is the case in the private sector. The PFS formula employed by HUD does not reflect this reality.

The Department proposes $1.8 billion for the Operating Subsidy in FY 1991. Mr. Chairman, you are well aware that HUD miscalculated PFS funding the past ten years, and that The Department does not fund it at 100 percent. 1990 was no exception. You are also cognizant of the reasons for this problem. Therefore, I will not go into a lengthy discourse on this matter, except to state that we strongly oppose HUD's PFS formula methods in addition to other "cost saving" mechanisms.

PHADA strongly believes $2.18 billion in FY '91 funding is needed to fully augment the Operating Subsidy. We respectfully request that you give this appropriation your utmost consideration as you continue your deliberations. We remain confident that our estimates represent a more accurate interpretation of the need.

Another subject I would like to briefly discuss is the matter of vacancy rates. HUD has promoted two initiatives contained in their budget which, if implemented, could prove to be very detrimental. Specifically, HUD proposes to: 1. Increase occupancy levels to 98 percent from the current 97 percent rate and: 2. Eliminate subsidies for vacant units when they exceed two percent, unless the units are being reconstructed. We agree with Secretary Kemp when he states, "the boards should be taken off" idle apartments. We would certainly prefer that these units be occupied, as it often costs PHAs more money to maintain vacancies than inhabited units. However, we can not accomplish this formidable task if the funds are not there. Permit me to elaborate.

Modernization, or CIAP, is a source of our concern. HUD has asked OMB for $1.8 billion in the coming fiscal year. Last year, CIAP was allocated $1.9 billion. HUD's current request represents a 6% cut from 1990 totals, and is even greater when inflation is taken into account. PHADA reminds the Committee that this country has an $85 billion investment in its public housing stock. If we are to "remove the boards," we must have the funds to refurbish the units and make them suitable for occupancy. This being the case, we propose that $2.5 billion be set aside for CIAP. Moreover, we strongly advocate an appropriation of $600 million in additive funds for lead paint abatement. Absent this level of funding, existing stock will deteriorate to potentially unmanageable proportions.

Perhaps the most contentious issue before you is new development. The Administration is both philosophically and practically opposed to the construction of new public housing. Instead, President Bush and Secretary Kemp offer tax incentives to owners as part of HOPE. They also subscribe to the opinion that the voucher system is more efficient and less costly. Finally, they cite supposed poor management and high costs as reasons for halting construction. As a result, there is no money for new development in HUD's FY '91 Budget proposal.

HOPE contains some meritorious provisions, yet PHADA does not endorse "privatization" and home ownership as all-encompassing solutions. We recognize that public housing as an institution has suffered a long public relations problem. Also, recent scandals distort our image and compound the negative perception. Notwithstanding these concerns, we must look below the surface and examine the overall picture.

As I previously mentioned, parts of The HOPE plan are quite laudable. Yet, in PHADA's opinion there are several objectionable features as well. We do not believe, as the Administration does, that home ownership initiatives and tax breaks provide a cure-all. As you know, our waiting lists grow longer every day, while the turnover rate continues to decline. Currently, it is estimated there are 850,000 applicants waiting for assisted housing. Another 300,000 seek vouchers. These people are in need of additional decent affordable housing now, both as protection from the elements of nature and to provide family stability. Conversion of public housing to tenant ownership does not increase the stock of low income housing. Also, although it may be an appropriate approach to current problems in some settings, it is not always the best approach and may, in some areas, work to the detriment of the resident families.

PHADA submits that yes, Section 8 housing is a proven success in some parts of the country, but in other areas, it can not meet the challenge. This is especially apparent in tight market regions where the "failure rate" abounds at 50% or more. A voucher serves no useful purpose when the recipient can not locate affordable housing. The need for new development in some localities is obvious. Consequently, PHADA requests that you appropriate $945 million for development and major reconstruction. We believe this is a modest, but very important request. The amount of rental stock must be elevated if we are to house those who wait for shelter. Additionally, we need a multiplicity of program types, using new construction as well as existing housing, in order to meet the needs of low income families in all localities.

Given the time constraints of this forum, I will conclude my testimony now and offer the remainder of PHADA's positions for the written record. Please keep in mind that each of the issues listed are vitally important to our organization. I will be glad to respond to your questions.

Once again, thank you for your diligence on behalf of public housing residents, and for permitting me this opportunity. We look forward to a productive summer as the Congress continues its important work.

Addendum to PHADA FY '90 (Supplemental) & '91 Budget Agenda
RECOMMENDATIONS

Operating Subsidies

- $2.18 billion for operating subsidies in FY '91.
- An additional supplemental appropriation of $50 million to bring PFS to 100% capacity.
- Maintain 97% occupancy rate for eligibility of subsidies.

Modernization

- $2.5 billion for CIAP in FY '91.
- $600 million in FY '91 and each subsequent year through '94 for lead-based paint testing and abatement.

Rental Housing

- 945 million for new and reconstructed units broken down as follows:
1). $525 million for 7,500 NEW units. 2). $210 million for replacements - 3,000 units. 3). $210 million for major reconstruction of 3,500 units.
- Authorization and appropriation of $400 million for new Indian housing.
- Inclusion of PHAs as eligible sponsors of Section 202 housing projects.

Drugs

- Authorize and appropriate $175 million in FY '91 for the Lautenberg Public Housing Drug Elimination Pilot Program.
- Support the modification of public housing lease and grievance procedure to permit expedited evictions when warranted.

Rental Assistance

- Authorize and appropriate $7.7 billion for renewal of EVERY expiring Section 8 voucher & certificate.
- An additional appropriation of $2.5 billion to provide Section 8 assistance for 80,000 more families.
- Full funding of the 8.2% administrative fee for all rental assistance under ACC.
- Authorize families who earn 80% of the median income or less, to be eligible for all Section 8 programs.

The Homeless

- Fully fund The Stewart B. McKinney Homeless Assistance Act.

- Emergency Shelter Grants $131 million
- Transitional and Supportive Housing Demonstration $133 million.
- Supplemental Assistance for Facilities to Assist the Homeless $11.5 million.
- Section 8 SRO Assistance $133 million.

THURSDAY, MAY 3, 1990.

EPA

WITNESS

KNUT RINGEN, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA

Mr. CHAPMAN. Mr. Ringen.

Mr. RINGEN. Thank you for allowing us to testify here.

My name is Knut Ringen. I am director of the Laborors' International Health and Safety Fund, which is a joint initiative of North America and its signatory contractors. I will be brief.

There are three problems that under this committee's jurisdiction, that we want to address. The first asbestos abatement; the second is hazardous cleanup; and the third is the new area of lead abatement that you are familiar with.

Our unit is the major unit engaged in these activities representing more than 500,000 members, and we have 72 training centers devoted to the training of workers, including workers in these areas, and we are very proud of these training programs.

Basically what I want to say is that unless we have trained and fully qualified workers to meet this essential national problem, it is not going to be done right. If the workers aren't trained to perform the work correctly, the community isn't protected either.

Secondly, we also need better medical monitoring to determine that these workers in fact are protected adequately in their work, for they are in some ways the canary out there in this dangerous area, and if we determined that their health is threatened, then probably the community at large is threatened as well.

What we want to request from you is in the following areas. We have so far trained 25,000 asbestos abatement workers over the past six years, and this has been done jointly between labor and management.

There is still a shortage of qualified trained workers in this area and there is a lot of, as you know, shoddy cleanup work going on. We have had modest EPA support for the last two years, and would like to see this program increased.

We would also like to see you fund a study of workers to determine whether their health is protected adequately. In the last two years we have trained over 6,000 hazardous waste workers under major grant from the National Institute for Environmental Health Sciences that this committee has funded and we believe we have the finest program in the country. We would like to ask that you maintain the appropriation at the level that it was last year.

In addition to that, we have in the last year developed a lead abatement program, which I think is the first major program of this kind in the nation, anticipating that there is going to be a need for workers in this area, but we need to help fund this program, and we have asked for an appropriation for this purpose.

I would like to briefly mention one particular agency that needs additional support. It is the Agency for Toxic Substances and Diseases Registry, which is also funded under this committee, and it is established at the Centers for Disease Control under SAR, Superfund amendments.

This agency, as Congress asked for, provides independent monitoring of hazardous waste sites in the communities around it, and I think it is a very essential agency, because it is independent and it provides for protection of the community.

It is now staffed well. It is a new agency, but it is working very well and we have seen a number of field investigations in the last year. We are in the process of developing a cooperative, long-term study of hazardous waste workers with this agency, and I think it is very important because if you want to maintain the confidence of this nation in its hazardous waste cleanup, there has to be independent monitoring out there, and that is where we support this agency strongly and ask that you increase its funding more from where it is today.

On the last page of my testimony we have summarized our requests from you for specific appropriations. I believe the list is largely self-explanatory, and I would rather answer any questions of you.

There is one addition to it that I would like to mention, and that is the second item, which is our request for the funding of a medical study of asbestos workers. The agency NIEHS has asked that programs that were to be funded that two full-time equivalent positions be given to manage the study.

That concludes my statement.

Mr. **Chapman**. Thank you very much for that statement and for your testimony, and we appreciate your being with us today. And we certainly appreciate your patience, as we have fallen behind in our time schedule today.

[The statement of Mr. Ringen follows:]

Testimony before the
Subcommittee on VA, HUD and Independent Agencies,
Committee on Appropriations,
U.S. House of Representatives

Regarding Funding for Training and Medical Monitoring of Workers

Knut Ringen, Dr.P.H., M.P.H., M.H.A.
Director,
Laborers' National Health and Safety Fund,
on behalf of the
Laborers' International Union of North America.

Washington, D.C.

3 May 1990

OFFSET
CAMERA COPY

LABORERS' NATIONAL HEALTH AND SAFETY FUND
905 16th Street, N.W. • Washington, D.C. 20006-1765 • 202-628-5465

Mr. Chairman, thank you for inviting us to testify here today. My name is Dr. Knut Ringen. I am Director of the Laborers' National Health and Safety Fund, a joint initiative of the Laborers' International Union of North America and its signatory contractors.

I am a public health doctor by training, with a doctorate from Johns Hopkins University. I also hold masters' degrees in public health and in health administration from Johns Hopkins and the Medical College of Virginia, respectively. For five years prior to my current position I was in charge of special population studies at the National Cancer Institute of the National Institutes of Health (NIH).

I. INTRODUCTION

My testimony today concerns programs to train and protect the health and safety of workers engaged in asbestos abatement, lead abatement, or hazardous waste cleanup. The agencies that have primary responsibility for health and safety protection in these areas are the Environmental Protection Agency (EPA), the National Institute of Environmental Health Sciences (NIEHS), NIH, and the Agency for Toxic Substances and Disease Registry (ATSDR). ATSDR is within the Department of Health and Human Services, under the U.S. Public Health Service, Centers for Disease Control. As relates to this testimony, ATSDR and NIEHS are funded under the Superfund or CERCLA law, the Comprehensive Environmental Response, Compensation and Liability Act, which includes the Superfund Amendments and Reauthorization Act of 1986 (SARA).

THE LABORERS' ROLE AND RESPONSIBILITY

Construction laborers perform a total of 286 skilled tasks as defined by the U.S. Department of Labor. These tasks include demolition, general cleanup and the major tasks involved in asbestos and lead abatement, and hazardous waste cleanup.

The Laborers' International Union of North America represents more than 500,000 members, most of whom are construction laborers. The Laborers' Union is the main organization representing workers who perform asbestos and lead abatement, and hazardous waste cleanup.

Local affiliates of this union operate 72 training facilities which are jointly trusteed by the union and employers under the Taft-Hartley Act. The training facilities and their programs are coordinated by the Laborers-Associated General Contractors Education and Training Fund (Laborers-AGC). The training facilities have provided asbestos abatement training for the past seven years for approximately 25,000 workers. For the past two years, some funding for asbestos abatement training has been received from the EPA.

The nationally recognized Laborers-AGC training facilities offer the most extensive training program in hazardous waste cleanup. This program is partly funded by a major grant from NIEHS. In the past two and one half years, over 5,000 workers have completed this training program.

In anticipation of the future need for lead abatement workers, the Laborers-AGC has established a program of lead abatement training. This has been pilot-tested and is being made available to our training facilities across the nation.

PROTECTING HEALTH AND SAFETY AT WORK

In 1988, the Laborers' Union established the Laborers' National Health and Safety Fund, in part to provide technical competency in health and safety for our members involved in these very hazardous operations. One of the Fund's aims is to prevent exposures on the job and to provide for medical monitoring to detect any possible adverse effects at the earliest stage.

We have learned through tragic experience what inadequate health protection can do. One-fifth to one-half of our members with at least 20 years of experience in construction have clinical indications of asbestos disease. In most cases, they were doing maintenance or general construction work in buildings where asbestos was being installed. We do not intend to create another generation of asbestos victims.

At the same time, we have found we cannot rely on government enforcement alone to provide protection. It is well established that government occupational safety and health enforcement is inadequate. As a result, these training programs are essential in order to enable our members to protect themselves as fully as possible on the job. Not a day goes by when we are not called upon to assess some potential health hazard or exposure on a job site. Many of these issues have been resolved without government involvement.

In the absence of clear government regulations, we established a committee of leading national experts to develop medical monitoring requirements for hazardous waste workers. We expect that our recommendations will become a model for the nation.

II. FUNDING NEEDS

ASBESTOS ABATEMENT

The demand for qualified asbestos abatement workers is outstripping the supply of properly trained workers. This, combined with lax enforcement of laws for both abatement operations and occupational safety and health, have resulted in the proliferation of fly-by-night contractors and much incompetent abatement, leaving the buildings, workers and the community at greater risk than before abatement was begun.

We take pride on our asbestos abatement training programs. Based on our experience, a minimum training program must be 32 hours in duration, including 12 hours devoted to hands-on-training. Many of the government-certified training programs do not meet this standard.

In FY 1989 Congress appropriated $400,000 for asbestos abatement training support and in 1990 $1.5 million. These monies are administered by the EPA and are dedicated to joint union-employer training funds organized under section 302 of the Taft-Hartley Act. We request that this amount be increased to $5.0 million in FY 1991, and dedicated to joint union-employer training funds.

We also request that $700,000 be allocated to establish a study of at least 2,000 workers to assess whether workers trained for 32 hours are suffering adverse health effects. This study should be organized by the National Institute for Occupational Safety and Health, CDC, PHS, and conducted under a cooperative agreement with a joint union-employer health program.

HAZARDOUS WASTE CLEANUP OPERATIONS

We request that Congress appropriate to the National Institute of Environmental Health Sciences $20 million for worker training programs authorized under SARA/CERCLA. This is the same amount appropriated for FY 1990.

We also ask that Congress appropriate to the National Institute of Environmental Health Services the full $35 million authorized for research on hazardous waste in CERCLA. The amount appropriated for this purpose in FY 1990 was $16.9 million. The increase is needed because as the national effort to abate hazardous waste moves from site evaluation to actual cleanup, we are identifying more and increasingly complex combinations of hazards, many of which are old and possibly decomposed, or even unknown. A great deal of additional research is needed to determine the human health consequences of exposure to these complex combinations.

ATSDR was established to monitor health risks on and surrounding hazardous waste sites, and to recommend ways to protect the public from these sites. We have found the services provided by ATSDR to be vital in a number of areas, including hazard identification, communication of hazards to the general public, professional education, and surveillance. ATSDR is a new agency with a very complex mission, and has been struggling to get established. We are satisfied that it is now finding its way, and is progressing well.

We have proposed the establishment of a long-term prospective medical study of 10,000 hazardous waste cleanup workers, to be conducted in cooperation with ATSDR. This study is now moving forward. We have defined the basic cohort and the requirements for medical monitoring. We believe that this study is absolutely essential for two reasons. First, it will determine whether our members suffer adverse health effects from possible exposures on the job. Second, it will help determine whether the community may be at risk as well. This study cannot be undertaken without ATSDR.

This study, and the other vital services that ATSDR performs, will give the nation confidence in the quality of hazardous waste cleanup work as it progresses. Maintaining such confidence is vital to an effective public policy on hazardous waste cleanup.

When Congress established ATSDR, it wanted an independent agency to serve as a check and balance to the operational agencies in hazardous waste cleanup. To be independent and effective, the agency requires sufficient funding.

In FY 1990, Congress appropriated $46.5 million for ATSDR. The Administration's budget has proposed $44.5 million for FY 1991, which is not sufficient to fund current programs. We request an appropriation of $55 million for FY 1991 for ATSDR.

LEAD ABATEMENT

In the past year, the alarming impact of exposure to household and community lead on the health of our nation's children has become clear, and there are many proposed solutions in the works. To address this tragic problem, we need to develop a trained and qualified work force immediately, since there is a huge training void to fill before abatement programs can begin. Therefore, funding is requested in the amount of $5 million to establish training programs with a target of training 10,000 workers. This funding should be dedicated to joint union-employer training facilities. We believe this program should be managed by the National Institute of Environmental Health Sciences.

Additionally, we believe that more health effects research is needed, with emphasis on the efficacy of abatement methods and operations. We therefore request $10 million be appropriated for NIEHS, and that $5 million of this be dedicated for extramural research.

III. CONCLUSION AND SUMMARY

We believe that the fields of asbestos abatement, hazardous waste cleanup, and now also lead abatement, are of the highest priority to this nations's domestic well-being.

We also believe that all of this abatement and cleanup is dependent on having well-trained workers, responsible contractors, and vigorous government monitoring and enforcement. We stress that if the workers do not perform the work properly, then neither they nor the community at large are protected from contamination.

The training of workers is an area where continued public assistance is required if we as a nation are to meet our goal of performing this work as promptly as possible. We further believe that this training is best performed within a structure of union and employer cooperation in recognition of the extraordinary hazards that this type of work presents.

We also believe that additional monitoring and research is needed to understand the hazards that are faced in this work and to maintain public confidence in our abatement and cleanup programs.

Mr. Chairman, our appropriation request in regard to this Subcommittee's jurisdiction is summarized in the attached table.

This concludes our testimony. Once again, we thank you and the committee for this opportunity to testify.

Laborers' Union Testimony
House Appropriations
3 May 1990

VA, HUD and Independent Agencies

Requested Appropriations, 1991

Issue	Agency	Appropriations (in millions) 1990	1991
Training of asbestos workers by joint union-employer training funds	EPA	$1.5	$ 5
Medical study of asbestos abatement workers with joint union-employer health fund	NIOSH	0	$ 0.7
Hazardous waste cleanup workers training	NIEHS	$20	$20
Hazardous waste health research	NIEHS	$16.9	$35
Hazardous waste site and community monitoring	ATSDR	$46.5	$55
Lead abatement worker training for joint union-employer training funds	NIEHS	0	$ 5
Lead and human health research, including abatement	NIEHS		
--intramural		0	$ 5
--extramural		0	$ 5

THURSDAY, MAY 3, 1990.

EPA

WITNESS

SAMUEL HUNTER, ASSOCIATED GENERAL CONTRACTORS OF AMERICA

Mr. CHAPMAN. Mr. Samuel Hunter, AGC. Good to have you with us today, and we certainly appreciate your patience and ask you to proceed in your own fashion.

Mr. HUNTER. My name is Sam Hunter. I am a construction contractor from Goldsboro, North Carolina. With me is Brian Deery who is with the national staff of the Associated General Contractors of America.

I am here today representing AGC and its 102 chapters nationwide. AGC represents more than 32,500 firms, including 8000 of America's leading general contracting companies which are responsible for the employment of more than 3,500,000 individuals. These member contractors perform more than 80 percent of America's contract construction of commercial buildings, highways, heavy, industrial and municipal-utilities facilities.

AGC appreciates the opportunity to present its concerns on the important topic of funding for the EPA Wastewater Treatment grants program.

AGC calls on this subcommittee to provide the full $2.4 billion in funding authorized for capitalization grants for the State Revolving Loan Fund (SRF) program for fiscal year 1991. Anything less will seriously undermine the smooth transition of this Federal program to the states and constitute a major setback to efforts to meet our nation's clean water needs.

When Congress passed the Water Quality Act of 1987, a very clear message was sent to the American public. The message was that clean water is an important factor in the quality of life and remains a primary goal that this country is committed to achieving.

In passing that legislation, tough choices were made. It was decided that the best way to continue progress towards the clean water goals was by removing responsibility for the funding of this effort from the Federal Government and giving it to the states.

To ensure that previous accomplishments would not be undermined and that progress would continue, a rational, reasonable phase-out of the Federal program was instituted. The phase-out calls for a gradual reduction in Federal grants and for states to establish revolving loan mechanisms to fund the program into the future.

Federal seed money in the form of capitalization grants was to be provided to help states establish their loan programs. States were required to provide a 20 percent matching share. Minimum funding levels were established to ensure continuity and a smooth transition.

Unlike the existing construction grants program, the SRFs will eventually be self-perpetuating. Local governments will be required to establish user charge systems to pay back the loans. The repayments will go back into the SRFs thus providing money for future clean water needs.

AGC strongly supports ~~this congressional~~ effort to continue progress toward improved water quality by compelling state and local governments to meet their obligation to pay the costs involved. This obligation of state and local governments is conditioned, however, on the Federal Government meeting its obligation to ensure that adequate capitalization funding is provided.

Unfortunately, this program has been subject to continuous underfunding since 1986. Over the past five fiscal years, $1.6 billion has been cut from the authorized levels contained in the Water Quality Act.

The administration's budget proposal for fiscal year 1991 requests only $1.6 billion, a 33 percent cut from the minimum necessary funding level of $2.4 billion. AGC is seriously concerned that clean water progress will be set back substantially if this underfunding continues.

Already there are signs that this is happening. EPA's 1988 Needs Survey, which estimates the capital costs to build publicly owned municipal wastewater treatment facilities to comply with the requirements of the Clean Water Act, documents $83.5 billion in facility needs. After accounting for inflation, this represents a nearly $3 billion increase in needs since the last Needs Survey was reported in 1986.

While most of the major wastewater systems are in compliance with water quality standards, a significant percentage of small systems are not in compliance. In addition, many of the systems that were built in the mid-1970s are beginning to approach the end of their useful lives and will need modernization, replacement and overhaul.

Also, new water quality projects to control nonpoint source pollution and to correct combined sewer overflow problems will compete with the more traditional projects for the limited available funds. This is not encouraging news.

While AGC fully recognizes the deficit situation Congress is currently grappling with, we must point out two factors which make it particularly unwise to make further cuts in clean water funding.

First, if the SRFs are not successful in continuing clean water progress it is conceivable that once again the Federal Government will be asked to provide necessary funding. We believe that the American people will demand that the funds be provided. In the long run the Federal budget is better off providing the needed funds today to ensure that state programs are successfully implemented.

Second, wastewater treatment facilities are a major element in the nation's infrastructure. Studies have demonstrated the positive "ripple effect" of infrastructure spending on the nation's gross national product. Infrastructure spending should be viewed for what it is, an indispensable investment in this country's future.

Thus far, 44 states have established acceptable SRFs and have been awarded capitalization grants by EPA. These SRFs must be provided with sufficient capitalization funds in the future to ensure their success.

Therefore, in recent testimony, AGC called upon the House Public Works and Transportation Committee to increase authorizations for fiscal year 1992 through fiscal year 1994 to recoup the funds lost to underfunding since 1987. Consistent with that request, AGC respectfully urges this subcommittee to provide the full $2.4 billion for the program for fiscal year 1991 to ensure the success of SRFs.

This concludes my report, and I appreciate the opportunity to present it.

Mr. CHAPMAN. Thank you very much for your testimony, and I think this subcommittee concurs in your priorities.

We have at least since I have been on the committee, and for several years before been disappointed in the administration's request for funding. I think you can sit today and see all the additional requests for funds, some of which I certainly hope we can accommodate, and this is one of those.

While I am hopeful, in fact encouraged, that we will be able to increase the administration's funding level, I hope we can get as close to that requested level as we can, but let me assure you that this is one Member who is sitting here who is acting Chair today that fully supports the program.

I will fund it at $2.4 billion, if I could, and certainly think it is the responsible thing to do, and I think most of my colleagues will join me in increasing the administration's request. Hopefully, we can get it as close as we can to that mark as you need.

We appreciate your testimony, and we will support your efforts, and appreciate again your patience taking the time to be with us today and your excellent testimony before the subcommittee. Thank you.

Mr. HUNTER. Thank you.

[The statement of Mr. Hunter follows:]

Testimony of
Samuel P. Hunter
on Behalf of
The Associated General Contractors of America
Presented to the
VA-HUD-Independent Agencies Subcommittee
Committee on Appropriations
House of Representatives
On the Topic of
Environmental Protection Agency
Fiscal Year 1991 Appropriations
May 3, 1990

AGC is:

- More than 32,500 firms including 8,000 of America's leading general contracting firms responsible for the employment of 3,500,000-plus employees;
- 102 chapters nationwide;
- More than 80% of America's contract construction of commercial buildings, highways, industrial and municipal-utilities facilities.

The Associated General Contractors of America
1957 E Street N.W., Washington, D.C. 20006-5199, (202) 393-2040, Fax (202) 347-4004

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Unlike the existing construction grants program, the SRFs will eventually be self-perpetuating. Local governments will be required to establish user charge systems to pay back the loans. The repayments will go back into the SRFs thus providing money for future clean water needs. AGC strongly supports this Congressional effort to continue progress toward improved water quality by compelling state and local governments to meet their obligation to pay the costs involved. This obligation of state and local governments is conditioned, however, on the federal government meeting its obligation to ensure that adequate capitalization funding is provided.

Unfortunately, this program has been subject to continuous underfunding since 1986. Over the past five fiscal years, $1.6 billion has been cut from the authorized levels contained in the Water Quality Act. The Administration's budget proposal for fiscal year 1991 requests only $1.6 billion, a thirty-three percent cut from the minimum necessary funding level of $2.4 billion. AGC is seriously concerned that clean water progress will be set back substantially if this underfunding continues.

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